Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NIS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $US1.25	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rin4.25	Thailand Bht50
Germany DM2.20	Mexico Pes500	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,467 Thursday February 18 1988 D 8523 A

Kuwait: In the eye of the Gulf war storm, Page 3

World News

Human rights top Moscow agenda

Washington expects to see human rights at the top of the agenda when Mr George Shultz, the US Secretary of State, meets Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Moscow on Sunday, a senior US official said.

Ms Rozanne Ridgway, Assistant Secretary of State for European affairs, said that strategic arms cuts and Soviet withdrawal from Afghanistan would be the other key issues. Page 16

RUC discipline inquiry

A top English police chief is to oversee a disciplinary investigation into Northern Ireland's Royal Ulster Constabulary arising from a report into an alleged shoot-to-kill policy in 1982. Pledge on terrorism, Page 16

Lagos charges officers

Nigerian authorities charged two senior security officers with murdering Mr Dele Giwa, a journalist, who was killed by a parcel bomb at his Lagos home in 1986. Page 3

Uganda ambush

Rebels in northern Uganda ambushed a convoy of six UN relief trucks, killing two people and wounding six.

Falklands concern

The US is trying to halt rising tension in the South Atlantic over Britain's proposed military manoeuvres around the disputed Falkland Islands, diplomatic sources said in Buenos Aires. Page 4

Thailand-Laos truce

Thailand and Laos agreed to a ceasefire in their bitter six-month dispute over border hills. Page 3

Nuns and priests held

Nuns and priests were among about 50 people arrested in an Ash Wednesday Christian Peace Movement protest at the Ministry of Defence in London.

Palestinian killed

Another Palestinian was killed and three injured when Israeli troops fired on West Bank villagers barricaded behind a wall. Page 3

Birth control bonuses

China is to give bonuses or penalties to Communist Party groups according to how well they enforce birth control regulations. Page 3

Goria seeks backing

Embattled Italian Premier Giovanni Goria, who tried to resign last week, asked Parliament for a confidence vote, implying that there could be a constitutional crisis if it was withheld. Page 2

Peruvian protest death

A man was killed when an armoured police bus charged into a crowd of Peruvian slum-dwellers demonstrating outside the presidential palace in Lima. The protesters were demanding better living conditions.

Hotel sold for £110m

The 500-room Churchill Hotel in London has been sold by Kuwaiti consortium International Realty Investment to Hong Kong-based Park Lane Hotels for more than £110m ($191.5m), the highest price paid for a hotel in Europe.

Bid to save Post

Negotiations between unions and management began in a last-ditch effort to save the New York Post before the Friday deadline set by Post owner Rupert Murdoch, who has demanded $24m in union concessions over three years.

I'll read that again

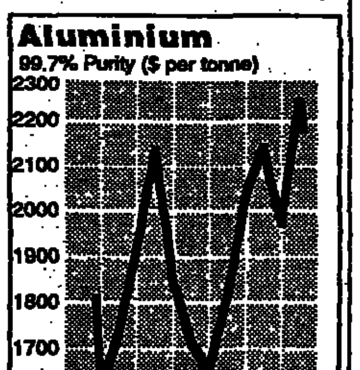
Israeli tourist bureaux are dropping advertisements that describe Jerusalem and Tel Aviv as being "a stone's throw" from each other, following 10 weeks of violence in occupied territories.

Business Summary

Blue Circle takeover of Birmid cast into doubt

BLUE CIRCLE, UK cement group which last week claimed to have won a takeover battle for Birmid Qualcast, a home products manufacturer, had its victory thrown into doubt when the Takeover Panel, which monitors UK takeover activity, ordered an investigation into the share count. The inquiry centres on fears that Hoare Govett, Blue Circle's broker, may have counted Birmid shares bought in the market last week twice. Page 17

ALUMINIUM market, which had reached eight year highs during the day on Tuesday,



showed a big fall as a wave of profit-taking swept the London Metal Exchange. The cash high grade price ended the day $35 down at $2,185 a tonne. Page 26

WALL STREET: Dow Jones Industrial Average closed 4.98 down at 2000.99. Page 38

LONDON: Shares generally staged a quiet advance in modest volume. The FT-SE 100 index closed 13.5 up at 1,748.1. Page 34

TOKYO: Overnight advance on Wall Street fuelled buying enthusiasm in Tokyo, helping to send share prices to their highest level since the October crash. The Nikkei average ended 84.29 higher at 24,429.95. Page 38

DOLLAR closed in New York at DM1.7020, Y130.15, SFr1.4005 and FFr5.7520. It closed in London at DM1.7055 (DM1.708); Y130.30 (Y130.20); SFr1.4020 (unchanged); FFr5.7625, (FFr5.7725). Page 27

STERLING closed in New York at $1.7535. It closed in London at $1.7495 ($1.7480); DM2.9825 (DM2.9850); Y228.0 (Y227.50); SFr2.4525 (SFr2.4500); FFr10.0825 (FFr10.0900). Page 27

IMPALA PLATINUM, South African platinum producer, says greater use of market-related pricing has helped it boost turnover by 40.4 per cent to R782m ($362m). Page 18

EUROPEAN Commission announced an inquiry into alleged unfair dumping of Japanese photocopiers and Korean televisions. Page 6

SONY and PIONEER, Japanese electrical goods makers, reported sharply increased net profits in the quarter ended December. Page 18

SABIC (Saudi Basic Industries Corporation) country's petrochemical group, quadrupled its profits last year to SR1bn ($266.6m) from SR243m on the back of higher production levels and product prices. Page 18

REMY MARTIN, family-owned French cognac company which is bidding to buy Benedictine, the French liqueur concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid. Page 17

US INSURERS Aetna Life & Casualty and Cigna blamed turmoil in financial markets and dismal conditions in health insurance for mixed results. Aetna's net income for the year fell from $1.04bn to $920.6m and Cigna's from $817.3 to $728.3m. Page 17

Politburo chief urges Soviet education reforms

BY CHARLES HODGSON IN MOSCOW

A RADICAL REFORM of the Soviet Union's educational system was urged yesterday by Mr Yegor Ligachev, the ideology chief and second in the Politburo. He said change was crucial to the success of Mr Mikhail Gorbachev's reforms.

He was speaking at the opening of a plenary meeting of the Communist party's policy-making central committee.

Officially, the meeting is devoted to educational reforms but is widely expected to discuss leadership changes, including the possible demotion from non-voting membership of the politburo of Mr Boris Yeltsin, who fell from power last year as Moscow party leader.

Mr Ligachev said secondary schools and higher education institutes were not turning out enough skilled workers, and education and vocational training was not keeping pace with technological change at work.

He told the 300-member committee that there was a surplus of qualified engineers in some sectors and a shortage in others. "There is now an acute shortage of economists, particularly in the managerial area."

The Soviet Union spends about 40bn roubles ($66bn) a year on education, and that would need to be increased substantially, he said.

Particular attention would be given to the construction of new schools; capital investment in school building would be doubled by the year 2000. The supply of computers and other essential equipment to schools and training centres would also be speeded up.

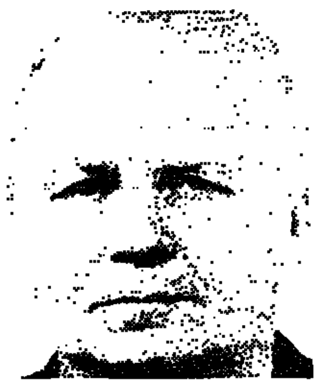
Soviet newspapers have recently carried a spate of articles criticising the poor state of schools, the shortage of basic equipment and the low standards of teacher training and performance.

Mr Ligachev said that, while the number of higher education institutes was increasing, their standards were not. Vocational training needed to be improved and special skill centres set up in big cities.

He also called for more democracy in running schools, with parents, pupils and representatives of local industry being appointed to management committees.

The meeting may also discuss changes in the membership of the central committee itself, which Mr Gorbachev is keen to see decided at the party conference scheduled for June.

Western analysts say the central committee, about 60 per cent of whose members are survivors from the Brezhnev era and unenthusiastic about reform, is the leadership body least touched by personnel reshuffles since Mr Gorbachev came to power in 1985.



Yegor Ligachev: not enough skilled workers

BUSH RESCUES CAMPAIGN WITH CRUCIAL WIN OVER DOLE

Presidential hopefuls head for the South

BY STEWART FLEMING, US EDITOR, IN MANCHESTER, NEW HAMPSHIRE

THE FIGHT for the Republican and Democratic parties' Presidential nominations entered a major new phase yesterday as the leading candidates began to focus attention on the primary elections and caucuses to be held in 20 states on March 8 – known as "Super Tuesday."

Both Mr George Bush, the Vice President, who swept to a convincing 9 percentage point victory in the New Hampshire primary on Tuesday night, and the man he defeated, Senator Robert Dole, today begin what promises to be a three-week period of high pressure campaigning in key Southern states.

Their main rival in the south, Mr Pat Robertson, the former television evangelist, who came a disappointing fifth in New Hampshire, was already campaigning in Florida yesterday.

Confident of a strong showing, he told supporters on Tuesday night: "Tomorrow morning we are going to the South and they are going to be playing in my backyard." Mr Robertson is from the southern state of Virginia.

Governor Michael Dukakis of Massachusetts is also confident. He scored the biggest victory ever in the Democratic primary in New Hampshire, finishing with 37 per cent of the votes, compared with only 20 per cent for Congressman Richard Gephardt, who came second.

Mr Gephardt's populist, anti-establishment message failed to undermine Mr Dukakis's popularity in a state which is enjoying high prosperity.

New Hampshire Primary Results

Republicans	% of vote	Democrats	% of vote
George Bush	38	Michael Dukakis	36
Robert Dole	29	Richard Gephardt	20
Jack Kemp	13	Paul Simon	17
Pierre Dupont	10	Jesse Jackson	8
Pat Robertson	10	Albert Gore	7
		Bruce Babbitt	5
		Gary Hart	4

Based on 95% of Republican and 94% of Democratic votes counted
Source: Campaign Headquarters

Mr Bush's clear cut victory in the Republican primary rescued his campaign from the brink of disaster. His defeat by both Mr Dole and Mr Robertson in the Iowa caucuses a week ago had made a win in New Hampshire essential if he was not to see the support he has been building up for the past eight years begin to erode.

Mr Bush told supporters after his victory, quoting Mark Twain: "Rumours of my (political) death have been greatly exaggerated." He said his campaign would "rise again" in the southern states.

In the wake of the New Hampshire elections political analysts were predicting that the candidates in both parties would have to prepare themselves for protracted and gruelling campaigns.

There was widespread speculation that neither party's nominees would be decided until the Democratic and Republican conventions in Atlanta in July and New Orleans in August.

After the opening tests on the campaign trail a solid front runner has yet to emerge in either party.

Different candidates have won each election and the winners appear to have benefited from regional associations which tend to raise doubts about the depth of their appeal nationally.

Several candidates are on the point of seeing their presidential hopes collapse. Former Senator Gary Hart and former Arizona Governor Bruce Babbitt are given no chance of making any impact.

Senator Paul Simon concedes that he needs a win in Minnesota next week if he is going to remain a contender. The Rev Jesse Jackson, the black former civil rights leader, is expected to run strongly in the south.

On the Republican side, former Governor Pierre Dupont will now find it hard to stay in the race.

Next stage of the campaign, Page 4

BORN AGAIN IN NEW HAMPSHIRE

AS Vice-President George Bush chatted happily with well-wishers on television on Tuesday night after his victory in the New Hampshire Republican Presidential primary, he looked indeed like a man whose election campaign had been, as the anchorman put it, "born again."

But Christian charity did not extend to the competition between Mr Bush and the man he had just defeated, Senator Robert Dole from Kansas, who was sharing the same television time. Asked what he had to say to Mr Dole, the Vice-President gritted his teeth and spoke conventional platitudes about a hard-fought campaign. The senator eschewed niceties; he told Mr Bush, bluntly: "Stop lying about my record."

The reaction of both men demonstrates what was at stake in New Hampshire. Mr Bush's solid nine point victory really did constitute escape from the jaws of disaster, which had been gaping wide after the Iowa caucuses a week earlier. Mr Dole, whose tongue sharpens when on the defensive, had cause to be disappointed because some of the polls had suggested he could win the second big event in the primary season.

The feud between the two Republicans, which goes back 20 years, promises to light up television screens for months to come as the battle for the nomination becomes the gruelling marathon many have predicted.

New Hampshire's traditional "first in the nation" primary has long been seen as a major hurdle for contenders. Unlike Iowa's caucuses, where only a narrow cross section of the electorate vote, well over one-third of New Hampshire's voters turn out for the primary, investing it with greater significance. No candidate who has lost in New Hampshire since the first primary in 1952 has gone on to win the White House.

The state also has a history

Continued on Page 16

Gunmen kidnap US colonel in south Lebanon

BY NORA BOUSTANY IN BEIRUT

A US MARINE officer assigned to the UN peace-keeping force in South Lebanon was kidnapped by three gunmen near the southern port of Tyre yesterday as he was returning from a visit to a Shia political leader in the area. The incident seems bound to raise the tension in the region.

Lieut-Col William Higgins disappeared after his car, which was flying the blue-and-white UN flag, was intercepted early yesterday morning. The US embassy in eastern sector of East Beirut confirmed his abduction but said that it had no details.

Lieut-Col Higgins was alone in the second of a two-car convoy. The lead vehicle turned a corner and its occupants suddenly noticed that the other vehicle was no longer following.

He was seized in an area where the Fijian contingent to Unifil is stationed. The force's command was questioning why the UN troops were unable to prevent the kidnapping.

Lieut-Col Higgins became the ninth American citizen currently held hostage in Lebanon. Since last June he had been in charge of a group of about 75 officers from the UN Truce Supervision Organisation, who are attached to UN Interim Force in Lebanon. This was established in 1978 to ensure the security of the region following the Israeli military incursion in March of that year.

It was the second incident involving UN personnel this month. On February 5, two Scandinavian officials of the UN Relief and Works Agency in Lebanon were taken captive by guerrillas south of Sidon.

Yesterday there was also a fierce clash in which seven men of the pro-Israeli Christian militia, the "South Lebanon Army", and four Shia guerrillas were killed.

Lieut-Col Higgins was abducted as he was returning from a visit to Mr Abdul-Majid Saleh, a prominent figure in the Amal, the mainstream Shia militia in South Lebanon.

He was seized by three bearded gunmen, who bundled him into a waiting Volvo before switching to a Mercedes, according to Lebanese militia officials.

Unifil and Amal prompty began a thorough search for the officer in an area contested by the more moderate mainstream Shia groupings and the pro-Iranian Hizbullah, which has been responsible for most of the hostages taken in Lebanon.

Mr Jan Stening, a Swede, and Mr William Joergensen, a Norwegian, who disappeared on February 6 are believed to be the victims of an inter-Palestinian feud.

However, a statement delivered to the offices of an international news agency yesterday charged that the two were linked to an intelligence service of a foreign country and would not be freed unless proved innocent.

The handwritten press release bore the signatures of the two Unwra officials.

This double abduction triggered a withdrawal of some of Unwra's 14-member foreign staff and a temporary suspension of operations requiring supervision by international workers.

Saudis to go ahead on revamp of oil industry

By Richard Johns in London

THE SAUDI Government is understood to be aiming at a complete reorganisation of its oil industry by the end of this year having accepted that its original target date of April cannot be met.

Its objective is to establish a holding company directing different affiliates responsible for exploration and production, crude refining, lube blending, internal marketing, export sales and shipping, according to consultants close to the Kingdom.

Formation of a new entity similar in structure to the Kuwait Petroleum Corporation will almost certainly mean – in name at least – the end of the Arabian American Oil Company, the giant producing operation dating back to the days of the concession enjoyed by four US oil majors, which still provide expertise and manpower.

Nevertheless, there could still be some kind of contractual role for Exxon, Socal, Texaco and Mobil as well as preferential access to Saudi crude similar to the market-related prices which they now enjoy, the consultants say.

Saudi Arabia is also known to want to secure export outlets "downstream" in the leading consuming countries by buying into existing refining and marketing operations, as KPC and Petroleos de Venezuela have done.

As yet, though, it has not responded to proposals about equity participation made by Exxon, Texaco and Mobil in response to Riyadh's request for offers.

Under the reorganisation being presided over by Mr Hisham Nazer, the Minister of Oil, Petromin will disappear. Originally established in 1962 as a state oil corporation and as vehicle for industrial diversification it has had charge of refining, including joint venture export-oriented facilities, and domestic distribution of products but has handled contracts covering only a very small proportion of the country's overseas sales of crude.

Aramco has been responsible for all exploration and output in the Kingdom proper (excluding the Neutral Zone territory shared with Kuwait).

It is expected to keep its present form even though its name will inevitably change.

The state's 60 per state control over Aramco was agreed in 1974 and full ownership announced in 1980 though most of the expatriate staff remained and Americans are still predominant in key management positions.

The four majors have contin-

Continued on Page 16

Ford workers set to end strike

BY CHARLES LEADBEATER, LABOUR STAFF, IN LONDON

MANUAL WORKERS at Ford seem set today to accept the revised two-year pay deal agreed at negotiations on Tuesday night, and to end the 10-day strike which has crippled the company's 21 UK plants.

Union officials said they were confident that the agreement, which was recommended by union leaders, would be supported by about 60–65 per cent of the 32,500 manual workers, making possible a return to work on Monday morning.

The agreement is worth at least 14 per cent over the two years and carries a guarantee that far-reaching changes to working practices will not be imposed without union agreement. It was achieved after the company dropped its proposals for an agreement lasting three years.

The first clear test of whether the company's concession on the length of the agreement will affect negotiations elsewhere is likely to come during pay talks at the Post Office, due next month.

Union leaders at the Post Office said Mr Bill Cockburn, the managing director of the corporation's letters business had told them that he wanted a three-year agreement.

While union leaders indicated thatthey might be prepared to consider an agreement lasting three-years, they said the outcome of the Ford dispute was likely to strengthen grass roots opposition to such a deal.

Ford union officials were confident that the revised agreement would be accepted, despite the decision of some shop stewards to recommend rejection at the company's main plants at Dagenham, east of London, Essex and Halewood,

Unions in driving seat, Page 7; Editorial comment, Page 14
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THATCHER BLOWS COOL ON EARLY NUCLEAR TALKS

British Prime Minister says Nato should first modernise its weaponry, Page 2

EUROPEAN NEWS

PREMIER GIVES PRIORITY TO CONVENTIONAL FORCES BALANCE AND CHEMICAL WEAPONS BAN

Thatcher blows cool on early N-arms talks

BY DAVID BUCHAN IN BRUSSELS

NATO HAS a "crying need" to negotiate a balance of conventional forces with the Warsaw Pact and a ban on chemical weapons before discussing any further reductions in nuclear weapons in Europe, Mrs Margaret Thatcher, the UK Prime Minister, told the Nato Council here yesterday.

Nato should modernise its array of Europe-based nuclear weapons "just like any other kind of weapon".

Making her first official visit to Nato headquarters, she set out, in her strongest vein, to head off the argument, notably in parts of the Bonn coalition, that the next stage in East-West arms control should include reductions of short-range nuclear weapons.

Speaking at a news conference between her address to alliance ambassadors and an afternoon visit to SHAPE military headquarters at Mons, she said a "denuclearized Europe would help the Soviet Union separate Europe from the US."

She described Chancellor Helmut Kohl as opposing "a third zero", which would eliminate short-range nuclear weapons with a range of less than 500km. Mr Hans-Dietrich Genscher, the Bonn Foreign Minister, has at times appeared to back the idea.

Mrs Thatcher said she saw "no case for further nuclear weapons reductions" in Europe before a balance in conventional forces and a ban on chemical weapons were negotiated.

She seemed to be trying to ensure that, at a minimum, the Nato summit did not backtrack on alliance declarations of last year. These stated that further nuclear weapons cuts should be pursued "in conjunction with" conventional troop and chemical weapon negotiations.

Stressing her prime goal of maintaining Nato's military strength and political solidarity, she also saw no reason why recently-forged bilateral defence links between West Germany and France could not be subsumed "within the whole Nato idea". France, however, lies outside Nato's integrated military structure.

Mrs Thatcher also reiterated her government's proposal to move to Brussels that part of the Western European Union organisation which is located in London. This would highlight that WEU was a part of, not a rival to, Nato.

The UK leader refused to acknowledge that options currently under study to increase the number of US air- and sea-launched nuclear weapons in the European theatre could be considered "compensation" for reductions under the INF treaty. That treaty, which she said would be observed "meticulously", only covered land-based systems like Pershing and cruise missiles.

She pointedly would not rule out reinforcing the number of US F-111 bombers in the UK or basing cruise-armed US submarines in Scotland. But she said Nato's programme to improve the range and accuracy of nuclear artillery and short-range Lance missiles would be enough to preserve the alliance's "flexible response" strategy, which envisages meeting any Soviet threat or action with a reciprocal response.

The modernisation programme, named after Montebello in Quebec where it was agreed in 1983, will be discussed by Nato defence ministers in Copenhagen in April.

W German Sunday work row hots up

BY DAVID GOODHART IN BONN

IBM in West Germany is coming under increasing pressure to withdraw plans to begin Sunday shift working at its sophisticated new semiconductor plant at Sindelfingen, near Stuttgart. The company is equally determined not to give into pressure from the unions and church groups, and yesterday Mr Hans-Olaf Henkel, head of IBM Germany, insisted that: "The new working system is a must."

The row has become another symbol of the relative inflexibility of the German labour market and comes at a time when the 50 year old law governing working arrangements is under review by the Government. This review is not, however, expected to do much more than tinker with some of the old-fashioned regulations governing female employment.

The 1938 law rules out Sunday working with 23 specific exceptions. A consensus staunchly opposed to any relaxation stretches from the cabinet through the main opposition parties, the unions and churches.

IBM, too, stresses that it does not want the law extended but claims, in the case of Sindelfingen, to be covered by one of the exceptions. This is the exception traditionally applied to the steel and chemical industries which allows continuous working where an interruption would harm the product.

Several semiconductor companies in West Germany have already slipped through this loophole and established working patterns similar to those in countries, like Belgium and Holland, which have less severe Sunday working laws.

Mr Reiner Rohke, an IBM spokesman, said yesterday he was surprised in the light of acceptance elsewhere that Sindelfingen had become such a cause celèbre.

The reason seems to be that in several of the other cases new jobs were being created and the companies were starting from scratch with the new work patterns; IBM on the other hand wants to change an already existing work system. Also, although the union, IG Metall, has accepted Sunday working elsewhere, the area including Sindelfingen is seen as a stronghold which could set a pattern in high-technology industries around the country.

IBM looks set to win especially as the works council at Sindelfingen has just implicitly endorsed the principle by agreeing to negotiate on it. It could however face difficulties from the regional authority which has to approve exceptions to the Sunday working rule, particularly with local elections approaching.

However, the fractious argument that has surrounded the IBM decision may well ensure that the unions "stop the dam breaking on Sunday working," as one IG Metall spokesman put it.

Oslo wins support on pay limit

By Karen Fossli in Oslo

NORWAY'S minority Labour Government, which is struggling to ease severe strains on the economy, has won the support of the Norwegian Federation of Trade Unions (LO) for limiting wage increases to a maximum of 5 per cent. The federation has also promised support in an attempt to prohibit wage negotiations at local level.

However, Mr Gunner Berge, the Finance Minister, admits that the LO's support is conditional on price guarantees. He has not yet committed himself to a specific curb on prices, but the national budget projects an inflation rate this year of not more than 5.5 per cent. Economists believe 6-6.5 per cent is more likely.

The next round of negotiations is likely to present an even higher hurdle for Mr Berge. Then, government and unions will have to thrash out details of the conditions which will have to be met for the 5 per cent ceiling to be secured.

In a recent report the OECD criticised Norway heavily for lacking the clout to control wage and price increases, which it blames for the country's failure to compete.

The Finance Minister's task is formidible. He is currently confronted with a month-old strike by teachers demanding wages far beyond his target. This week health workers are demanding much the same.

Mr Berge must choose between three courses of action:

- Legislation limiting wage increases to 5 per cent;
- Devaluation of the krone to impose a limiting effect on wage and price increases;
- Further tightening of the budget when it is revised in May.

He said yesterday though that devaluation was currently out of the question.

The unions are also complaining about the high level of interest rates, which are hovering around 16-17 per cent.

In 1980, temporary legislation was introduced to curb wage increases. Last year, although a zero increase was agreed in central negotiations, wage talks at local level undermined the agreement by allowing pay rises to soar, in some cases, beyond 20 per cent.

Embattled Goria pleads for another confidence vote

BY JOHN WYLES IN MILAN

THE Italian Prime Minister, Mr Giovanni Goria, yesterday asked Parliament for a vote of confidence in his beleaguered government and implied that the country could face an institutional crisis if it were withheld.

In his speech to the lower house, he appealed to a "sense of responsibility" whose apparent absence in his own Christian Democratic party forced his resignation a week ago. Mr Goria has been persuaded by President Francesco Cossiga to return to office with the minimum objective of securing the passage of the 1988 Finance Bill.

Mr Goria appeared to be trying to shore up his position by suggesting that further defeats for his government would be a strike against the authority of the President himself. This warning was directed mainly at members of his own party who, under cover of the secret vote, have defeated his government 17 times over various budget measures in the last month.

Their basic objective has been to eject Mr Goria – some wanting to replace him with Mr Giulio Andreotti, the Foreign Minister, others with Mr Ciriaco De Mita, the Christian Democrat leader. The latter had wanted to secure a fourth two-year term as party secretary at the Christian Democrats' congress in April before deciding whether to take on the premiership.

But, as a result of recent events, the congress is to be postponed and Mr De Mita is under open pressure from his factional barons to take up the reins of government and to allow one of their number to assume the much more powerful role of secretary.

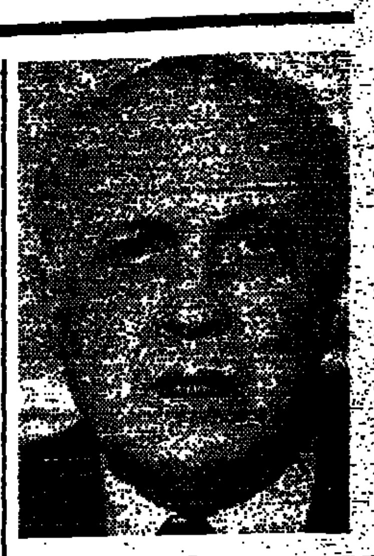
Since none of this internal battling within Italy's largest party has yet been resolved, Mr Goria still faces possible parliamentary ambushes in the remaining budget votes. Mr Giorgio La Malfa, leader of the tiny Republican Party, is urging a self-denying pact which would proscribe the use of the secret ballot on budget matters, but this seems unlikely to gather enough support.

Mr Goria may have increased the risk of a further upset by failing to make it clear yesterday that he would resign once the budget was passed. He spoke only of an immediate "clarification" between the governing parties after the budget, which could leave the rebels still tempted to make his departure a foregone conclusion through a parliamentary defeat.

For its part, the Government may try to avoid the stormiest waters by not pressing too hard for significant amendments to the version of the budget passed by the lower house and now on its way to the Senate before returning for final approval.

In recent weeks, amendments have struck down some major savings and revenue raising proposals. Measures lost included the removal of 36,000 surplus hospital beds, an increase from 25 per cent to 30 per cent on the interest paid on bank deposits and a much stricter entitlement to invalidity pensions.

The Treasury is still working out the impact of all this on its target deficit for 1988 of L103,500bn. But the most modest private estimates suggest that, as the budget currently stands, the deficit would be around L113,000bn-114,000bn.



Alain Savary

Casualty of school war dies at 69

MR ALAIN SAVARY, the Socialist Education Minister forced to resign four years ago after the public uproar over his proposals to reform the French private schools system, died yesterday aged 69.

But although he is best remembered in France for his role in the controversy which sent a million parents and students protesting into the streets in 1984, he was also a highly respected and leading figure in post-war French socialism and a hero of the Resistance.

Both his friends and political opponents paid tribute yesterday to his moral integrity and the important role he played first in the liberation of France from German occupation and then as one of the architects of the modernisation of the French Socialist Party.

Born in Algeria in 1918, he became the youngest "Companion of the Liberation" when at the age of 22 he joined General de Gaulle in London. But, a Socialist at heart, he broke completely from his Gaullist past when he vigorously opposed General de Gaulle's election to the presidency in 1958.

His strong anti-colonial principles also led him to resign as Secretary of State for Moroccan and Tunisian Affairs after the aircraft carrying Ben Bella and other leaders of the Algerian independence movement was intercepted by the French in 1956.

He helped restructure the Socialist party and, in 1969, became its secretary general in which post he was an advocate of the Union of the Left in France but was opposed, unlike Mr Francois Mitterrand, to a common programme. In 1971, Mr Mitterrand took over from Mr Savary, who slipped into the camp of Mr Pierre Mauroy, the mayor of Lille.

After Mr Mitterrand's victory in the 1981 presidential election and the appointment of Mr Mauroy as Prime Minister, Mr Savary became Education Minister, taking over what became the most explosive portfolio in the new government. Indeed, it finally brought it to its knees, forcing not only his resignation but also that of Mr Mauroy in July 1984.

As Education Minister, Mr Savary was entrusted with an impossible mission, for no issue has aroused more passions in France in recent years than education.

In his presidential election campaign, Mr Mitterrand had promised to introduce a unified and secular public education service. For three years, Mr Savary tried to negotiate an acceptable compromise between the defenders of the private and essentially Catholic schools and the exponents of a unified lay system.

But his proposed education reform bill only succeeded in turning the issue into "the school war" sending huge crowds of protesting parents, teachers, priests, students and politicians on to the streets. The scale of the protest persuaded President Mitterrand to abandon the reform, leaving Mr Savary with no option but to resign.

It was a sad end to political career. He retired from political life and wrote a book about his experience as minister called "En toute liberté". It was an apt title for a man who had always fought against oppression – during the last war against the German occupation, then in the French colonies of North Africa and finally in his own country.

Paul Betts

People's banker on trial

By Diana Smith in Lisbon

THOUSANDS OF Portuguese this week have been reminded forcefully of their gullibility with the start of the trial of Dona Branca dos Santos, to whom they are said to have eagerly entrusted no less than Es17.6bn (£72m).

The bespectacled, gap-toothed 77-year-old was dubbed the "people's banker" when she and her associates opened dozens of "offices" offering lavish monthly interest on money which young and old, rich and poor rushed to deposit with her.

Now, she is on trial with 68 others (mostly out of the country and tried in absentia) for running a criminal association profiting illegally from funds entrusted to them.

Some 1,800 plaintiffs and as many witnesses will be heard. According to the Judiciary Police, no one is likely to see a penny of his vanished money: it was spent by the defendants.

It is alleged that in 1983 Dona Branca, and other small-time usurers lending very short term at very high interest rates, decided to run a "people's bank", using the old lady as well-publicised symbol.

Word spread that Dona Branca paid 10 per cent a month on deposits to "help the poor." And not only the poor entrusted their money to Dona Branca, known at her peak as a saint. Civil servants, matrons and businessmen are all said to have followed suit.

Dona Branca and her friends swam in money and, claim the police, spent it on high living, cars and luxury flats. They paid out some interest initially, but the swelling throng of customers soon became too much.

She was arrested in June, 1984 when, claiming "temporary treasury problems", she shut up shop, starting a panic in Lisbon. She was caught trying to leave for Brazil.

EC growth unlikely to dent 'unacceptable' jobless rate

BY DAVID BUCHAN

ECONOMIC GROWTH in the European Community is likely to fall just short of 2 per cent this year, making no measurable dent in the EC's "unacceptably high" jobless rate of 11.5 per cent, the European Commission predicted yesterday.

The Commission has thus knocked a half percentage point off the 1988 growth estimate it issued last autumn in its annual forecast. The downward revision is the combined result of last October's stock market crash, shaking consumer and business confidence and reducing likely internal demand, and of weak export demand.

Presenting the revised estimates to the press, Mr Peter Schmidhuber, the Commissioner responsible for economic affairs, made a tentative call on member states to reflate demand in their economies. But the newly-appointed Commissioner from West Germany would not be drawn on whether the Federal Republic should make further tax cuts beyond those it has already announced.

The Commission, however, cited two factors in support of its call for "internally-generated non-inflationary growth." One is its estimate that the Community will stay in current account balance with the rest of the world, though 1988 will see this shrink from Ecu35bn (£24.5bn) in 1987 to Ecu24bn this year as the US trade deficit narrows. The second is its forecast that the average EC inflation rate will stay "close to 3 per cent and below 5 per cent."

A more forceful call for reflation came yesterday from the publication by the Brussels-based Centre for European Policy Studies (CEPS) of its "Two-Handed Growth Strategy for Europe." It points out that Europe should not wait for the US and Japan to join it in a co-ordinated strategy. Individual EC countries were far more open to, and dependent on, each other in trade terms than the Community collectively was to either the US or Japan.

Professor Jacques Dreze, a co-author of the CEPS study, said the trio of West Germany, France and the UK were all well placed for a fiscal expansion of their economies and "to break away from the current slow-growth trap." He also estimated the raft of supply-side measures which the Commission has proposed to break down barriers in the EC over the next five years might only add a half percentage point to annual EC growth.

"If the EC's internal market programme is not realised during a period of faster growth, then the costs will outweigh the benefits," he said.

More Eurocrats in the offing

BY TIM DICKSON IN BRUSSELS

BUDDING EUROCRATS have received a boost from last weekend's triumphant European Community summit agreement, judging by figures announced here yesterday.

The latest revisions to the European Commission's preliminary draft budget for 1988 – drawn up to take account of the EC's political commitment to higher spending – includes a Ecu15m (£10.5m) contribution "towards increasing human and administrative resources" this year in preparation for the big increase planned in social and regional spending over the next five years.

The issue is understood to be sensitive inside the Commission's Berlaymont headquarters, where officials are anxious to play down any suggestions of a "bloated" EC bureaucracy using new money from member states to expand its operations.

Mr Henning Christophersen, the EC's budget commissioner, indicated yesterday that initially about 400 more "man years" were required but that many of these would be part-time experts or consultants, not full-time Brussels-based administrators.

"The doubling of the structural funds along with the co-financing provided by member states means that more than Ecu100bn will be available between now and 1993. We need good people to go to find the right projects", a senior official added last night.

The new preliminary draft budget shows payments for 1988 of Ecu43.451bn, including agricultural spending of Ecu27.25bn. Both these figures are within the new limits set by the EC heads of government at the summit.

European car sales leap by 12.5% in January

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

EUROPEAN car sales surged in January with an increase of around 12.5 per cent to more than 1m vehicles, according to preliminary industry estimates.

Car registration figures for several European markets are still to be published, but manufacturers' estimates suggest that the booming car market in West Europe has continued strongly into 1988.

This follows record demand last year, when sales exceeded 12m vehicles for the first time.

Fiat, the Italian motor group which includes Lancia and Alfa Romeo, was the clear market leader in January with a share of around 16.7 per cent, followed by Peugeot (including Citroen and Talbot) of France with 13.5 per cent and West Germany's Volkswagen group (including Audi and Seat) with 13.1 per cent.

The market shares of the big six European volume car makers fluctuate considerably during the year, however and for the past three years Fiat has led the car sales league in the early months only to be overtaken in the final quarter by Volkswagen.

Fiat is highly dependent on its domestic market where it commands a share of around 60 per cent. It benefited in January from an estimated jump of 13.7 per cent in Italian sales.

Overall in West Europe Fiat is estimated to have increased its sales volume by 13.3 per cent in January to more than 172,000 units. Starting this month Fiat sales should also receive a boost from the launch of its new Tipo small family car, which will be introduced to all main European markets by the summer. Last week, in its first week on the Italian market, Fiat claimed that 30,000 orders for the Tipo had been taken.

Peugeot, which is enjoying a powerful recovery and had already succeeded in edging Ford out of third place in the European sales league in 1987, recorded another strong performance in January. It overtook Volkswagen to gain second place with an estimated increase in its sales volume of around 30 per cent. Volkswagen sales in January were hampered by the prolonged shutdown of production during the Christmas and New Year holidays – the West German plants only restarted on January 11 – and by the group's very strong sales in December, when it captured around 31 per cent of the domestic market.

Its share of West German sales is estimated to have fallen to under 27 per cent in January. The West German market, the biggest single European car market with record sales last year of 2.915m vehicles, is estimated to have risen by around 7 per cent in January.

Renault of France was alone among the leading car makers to suffer a fall in sales in January with an estimated drop of 2 per cent.

Industry estimates suggest that all the main volume car markets in West Europe continued to enjoy strong demand in January with sales increasing by 17 per cent in France, 12.6 per cent in the UK, 13 per cent in Italy, and more than 25 per cent in Spain.

Sick and fearful for his life, Licio Gelli comes back to Italy

BY JOHN WYLES IN MILAN

LICIO GELLI, once the centre of a covert and highly sinister network of politicians, businessmen, secret service agents and military officers, was yesterday extradited from Switzerland to Italy, much reduced in health and fearful that his enemies may try to silence him for ever.

The 68-year-old former Grand Master of the P2 Masonic lodge was spirited across the Swiss-Italian border at Domodossola before dawn, having been released from Geneva's Champ-Dollon prison where he has been serving a two-month suspended sentence.

He returned to his native land just hours ahead of the arrival of a police detachment sent to arrest him. Although the "Venerabile", as the Italians call him, had flown the coop, police did make a rich haul of 962 names of alleged P2 members, many of them prominent in the Italian establishment.

Gelli disappeared shortly before the P2 scandal, which brought down the government of Mr Arnaldo Forlani, broke in 1981. He was subsequently arrested in Geneva 1982 but demonstrated the powerful resources at his disposal by escaping from Champ-Dollon and feeling to South America.

He gave himself up to the Swiss authorities last September complaining of a serious heart condition. But he was possibly not unmindful of the fact that, although he had been tried and sentenced in his absence to eight years jail in Italy for complicity in terrorist incidents, the terms of his extradition limit the charges on which the authorities can try to bring him to justice.

The main one concerns his involvement in the collapse of the Banco Ambrosiano which folded in 1982 with debts of $1.2bn. Gelli's fears for his life in Italy are not unconnected with the sudden demise of two of his former banking collaborators, Roberto Calvi, the chairman of Banco Ambrosiano found hanging from Blackfriars Bridge in London in June 1984, and Michele Sindona who died from cyanide poisoning in an Italian prison a year later after extradition from the US.

Mr Gelli will be housed in a specially constructed four room apartment inside the training school for prison officers in Parma. He will be able to cook his own food for as long as he requires. His lawyers were preparing yesterday to lodge a demand that he be put under house arrest together with arguments that the time limit has expired under which he can be detained pending trial.

The Nato alliance

In early editions of yesterday's Financial Times a report about the forthcoming Nato summit gave, because of a transmission error, the impression that President Charles de Gaulle took France out of the Nato alliance in 1966. In fact, General De Gaulle took France out the Integrated Command of the alliance but not out of the alliance itself.

Austria's Jews demoralised by Waldheim's supporters

Judy Dempsey on a society which has still to come to terms with its illiberal past

THE CONTROVERSY surrounding President Kurt Waldheim is no longer an issue about his wartime activities but whether Austria wants to become a modern, open and liberal country in the view of many of Vienna's small Jewish community.

Though deeply divided about the Waldheim affair, they hope some good will eventually emerge.

The signs are very contradictory, however. "That is because the political parties are struggling not only to remain in government but are uncertain about how to change this country," a young Jewish journalist commented.

The conservative People's Party (OEVP), junior partner in the Socialist-led coalition, gives little hope to Austria's 10,000 Jews. While a liberal, intellectual wing in the party is gradually working its way through the ranks, its voice is often drowned by the hard right wing.

The Jewish community were reminded of this last week when Mr Karl Gruber, a former foreign minister and senior member within the OEVP, said that the international commission of historians which was set up to investigate the wartime activities of Mr Waldheim, "were anti-Waldheim." Mr Gruber added that "some of the historians were socialists or of Jewish origin."

The OEVP eventually distanced itself from Mr Gruber's remarks, which he himself did not retract. But more was to follow. Last weekend, Mr Martin Purtscher, the OEVP provincial governor of Vorarlberg in western Austria asked Mr Edgar Bronfmann, president of the World Jewish Congress, whether he "had not learned the lessons about what happened to his people."

This remark deeply disturbed many of the Jews living in Vienna. Several of them, in private conversation, asked if this meant a revival of the physical attacks of the late 1930s on them.

There are any number of examples of these anti-semitic remarks which are uttered by members of the OEVP . However, the most blatant and persistent anti-semitism is to be found repeatedly in the Neue Kronen Zeitung, the mass circulation tabloid.

The paper, which has a circulation of over 3m (for a population of over 7m) has in recent days drummed up what amounts to a vicious attack on Jews and "foreigners."

Last week, for example, the newspaper ran a front-page banner headline, "5,000 Jews want to remain here and not in Israel." An editorial followed this comment up by saying that the 5,000 Russian Jews meant an extra 5,000 unemployed Austrians.

The Jewish community has little idea how to respond to the Neue Kronen Zeitung, a staunch defender of Mr Waldheim, and a paper which daily singles out "foreign circles", particularly the World Jewish Congress – which many Austrian Jews do not identify with – for interfering in the internal affairs of Austria. It is precisely this anti-foreign, xenophobic, populist mentality which Mr Franz Vranitzky, the Chancellor, wants to combat.

On Tuesday, he asked Mr Waldheim and his advisers to get rid of "this insularity and isolationist outlook." Earlier, the chancellor asked Mr Waldheim and his advisers "to stop using the world Jewish conspiracy to defend their own positions."

The continuing presence of Mr Vranitzky in Ballhausplatz, the chancellery, is important for the Jewish community. "Vranitzky represents the fight for Austria to become a modern society," said Miss Joanna Nittenburg, a journalist. "He is some hope for us in that he defends intellectuals and liberals and tries to push this country into the open."

Interestingly, the whole Waldheim affair has given some of the younger generation of Jews a sharper sense of identity. "We thought we were completely assimilated until recently," a young Jewish intellectual said. "But the open anti-semitism has destroyed this myth. Not every Jew will agree with me on this, but if we cannot be assimilated here, we must decide where we want to live, and if we want to stay here, we should decide how to cope with the situation."

Instead of remaining silent, several young Jewish intellectuals now meet in a restaurant once a week in Vienna's second district, the traditional home of the Russian Jews. There they discuss any number of issues, ranging from the problems in Israel's occupied territories to the media in Austria. The discussions are lively, and unlike Austrian politics, there's no such thing as consensus.

Nor is there consensus about the future. Some hope the liberal wing in the OEVP will find it's voice. Yesterday Mr Herbert Krejci, head of the the federation for industrialists, spoke out against a siege mentality as a result of the Waldheim affair. Mr Krejci's remarks represent the views of the liberal wing of the OEVP. In the meantime, some Jews will leave the country. Others will wait and see. Apart from the Jewish community, many Austrians are waiting to see what will become of the government, or for that matter, Mr Waldheim, over the next few weeks.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

Chinese population control to be tougher

By Robert Thomson in Peking

COMMUNIST PARTY cadres are to receive bonuses or suffer penalties, according to how strictly they enforce population control regulations under a new "responsibility system" designed to curb a surge in China's birth rate.

A senior family planning official said yesterday that population control would become an important part of a cadre assessment system because of the "ineffective implementation" of the planning programme, and "slackness and reluctance to intervene" that has contributed to a sharp rise in "unplanned births".

About 22m children were born in China last year, up from 18m in 1985 and 21m last year, and the increase has made it unlikely that the Government will achieve its goal of keeping the population to 1.2bn at the turn of the century. With a population of over 1.07bn at the end of last year, the figure in the year 2000 is almost certain to be around 1.3bn.

Liang Jimin, the director of the State Family Planning Commission's general office, denied allegations that women are forced to have abortions, but admitted that cadres "persuade" them to do so if the child is "unplanned" – the "persuasion policy" is likely to be implemented more rigorously by cadres afraid that they will be demoted for allowing too many births in their village.

Chinese officials admit that peasants, whose wealth has increased under economic reform, are now more willing to pay the financial penalties imposed if they have more than the allowed one or two children. That trend, combined with an increase in the number of women reaching their "fertile peak", contributed to the rise in births.

"The crude birth rate and natural growth rate will reach a peak this year," Liang said. Policies to discourage late marriage have also faltered, and the most fertile age group for women has shifted from the 25 to 29 age group to the 20-24 age group. An increase in births outside marriage is another reason why cadres are under extra pressure to enforce family planning regulations.

Israeli soldiers open fire on protesting villagers

BY ANDREW WHITLEY IN JERUSALEM

ANOTHER PALESTINIAN was shot dead and at least three others seriously injured yesterday in the occupied West Bank village of Shuyukh near Hebron. The incident took place when troops opened fire on villagers who had barricaded themselves behind a low wall of stones.

The latest flare up in the West Bank came a day after a threatened "Day of Anger" in the occupied territories fizzled out with little violence reported.

The West Bank disturbances coincided with the arrival from Jordan across the old Allenby Bridge, of Mr Neil Kinnock, the British Opposition Labour Party leader. Mr Kinnock lunched with West Bank trade union leaders in Nablus, before being briefed on the conditions of Palestinians living under occupation by a legal watchdog body in Ramallah.

The Labour leader is due to spend today in the Gaza Strip, visiting refugee camps at the heart of the ten-week-long violence. He will also meet Mr Shimon Peres, the Foreign Minister, for talks expected to focus on next week's visit to the region by Mr George Shultz, the US Secretary of State.

Prime Minister Yitzhak Shamir, whose public opposition to several key aspects of the latest US plan is increasingly being seen here as central obstacle, returned to Israel last night from an official visit to Italy marked by frank exchanges with his hosts.

There were widely differing versions yesterday of how the trouble in Shuyukh village began. The army claimed that a patrol came under attack with stones when attempting to persuade the villagers to demolish their barricade, forcing them to open fire with live ammunition.

But locals said the real spark was the soldiers attempt to arrest a group of young men from the nearby village of Sa'ir, accused of "incitement". Those being hunted fled to Shuyukh where they tried to hide in friends' homes.

Meanwhile, in an indication of how Israel's traditional friendships are coming under great strain because of the Palestinian uprising, the Norwegian ambassador in Tel Aviv was trying hard yesterday to soothe indignant Israeli government feelings.

The diplomatic row between the two normally close countries was prompted by a remark from Mr Torleif Anda, the ambassador, comparing disfavourably the action of Israeli soldiers in the occupied arab territories to those of Nazi Germany in occupied Norway during the second world war. Mr Anda said last night he had been misunderstood, and apologised for his remarks.

● Organisers of a "ship of return" for Palestinian deportees said yesterday they were postponing indefinitely a trouble-plagued voyage to the Israeli port of Haifa, AP adds from Athens

The PLO organisers made the announcement in a meeting with international delegations who had gathered in Athens to accompany the 130 Palestinian deportees on the planned peaceful mission.

Word of the cancellation came from many of those attending the meeting, including American delegate Mr Scott Kennedy, a representative of the US Resource Center for Non Violence.

The voyage, designed to focus international condemnation on the Israeli policy of deporting Palestinians, had initially been scheduled for Tuesday of last week.

Laos and Thailand agree to ceasefire

THAILAND and Laos agreed yesterday to a ceasefire in a bitter six-month conflict over border hills, Reuter reports from Bangkok.

General Sisavat Keobounphan, the Laotian Chief of Staff, and Gen Chavalit Yongchaiyudh, the Thai military commander, signed a four-point accord which set a ceasefire deadline of 0100 GMT tomorrow.

It called on Thai and Laotian government leaders to start negotiations within 15 days of the ceasefire to settle ownership of the disputed area.

The ceasefire was to be followed within 48 hours by withdrawals by both sides of their forces to more than a mile from the present battle lines. A joint Thai-Laotian military team will police the ceasefire and disengagement. The armies of both countries will order troops along their entire 1,000-mile frontier to avoid clashes, it said.

Gen Sisavat told reporters he and Gen Chavalit had "promised not to fight again". He said the bloodshed would stop immediately.

There has been no fighting in the disputed area 240 miles north of Bangkok since Gen Sisavat arrived in Bangkok on Tuesday, according to Thai officers.

Unofficial reports say 700 Thais and Laotians have been killed fighting for control of the 27 miles of disputed, almost inaccessible hills. Western diplomats here said they were sceptical of the unofficial but widely reported casualty figures. They did not account for losses among secretive Thai Ranger units taking much of the fight to well-protected Laotian troops, who had the tactical advantage of defending high ground.

Thai officers said the the military leaders had also agreed to exchange prisoners.

An uneasy calm has fallen on the vulnerable state at the eye of the Gulf conflict, says Andrew Gowers

US support bolsters Kuwait's fragile confidence

A CURIOUS, wary calm has descended on Kuwait, that sensitive barometer of political sentiment at the eye of the Gulf storm.

Last autumn, the tiny, vulnerable emirate was suffering a severe bout of the jitters in the face of repeated Iranian missile attacks and Iranian-inspired acts of sabotage. This has now given way to what could almost be described as a mood of complacency. For the first time in two years or more, the Gulf war – though still frozen in a gruesome stalemate less than 100 miles away – seems somehow remote.

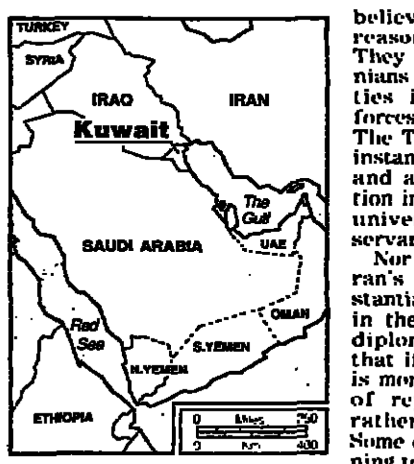
In the first place, there has been a respite in missile attacks. The last Silkworm missile to be fired at Kuwait landed in the sea in early December after being deflected from its target - the newly-reopened Sea Island oil terminal - by an American-built reflector barge.

In addition, a long-threatened land offensive by Iran against Iraq has failed to materialise. Although this is the traditional time of year for such operations, and despite a flood of the usual bellicose rhetoric from Tehran, action on the all-important southern front has been virtually non-existent in the past few weeks.

Fierce fighting has instead been largely confined to northern Iraq, where Iran backs a Kurdish rebellion. The contrast with this time last year, when the Iranians alarmed Arab backers of Iraq by coming close to a breakthrough at Basra, Iraq's second city, could hardly be greater.

This pause may, of course, be purely tactical. Iran is well aware that the five permanent members of the United Nations Security Council are currently working on an arms embargo against it to enforce their Gulf war ceasefire resolution, and will not want to do anything which might focus their minds more clearly.

Iran has also been making more conciliatory noises towards the Arab side of the Gulf, and has been prodded by its ally Syria into promising a "dialogue" with the United Arab Emirates on behalf of all six Gulf Co-operation Council states, since the December GCC summit in Riyadh. A new outbreak of fighting in the south would scarcely vouch for Iranian good intentions.



Kuwait sees these contacts as a useful short-term shield against renewed Iranian harassment - though officials make no effort to disguise their scepticism that the mediation will yield any concrete results. "We see the Syrians go back and forth, but we have no information as to how much they have achieved," said Mr Saud al-Osaimy, Minister of State for Foreign Affairs.

Yet Western diplomats believe there are other solid reasons for Iran's reticence. They report signs that the Iranians have had grave difficulties in mobilising sufficient forces for a major onslaught. The Tehran leadership has, for instance, extended the duration and applicability of conscription in recent weeks, calling up university students and civil servants.

Nor will it have escaped Tehran's notice that Iraq has substantially improved its defences in the past year. As a result, diplomats in Kuwait predict that if there is an offensive, it is more likely to take the form of repeated, limited probes rather than an all-out push. Some observers are even beginning to speculate that a de-escalation of the land war is at hand

There has also been something of a lull within Kuwait. Last year saw a series of sabotage attempts in the emirate, several of which were carried out apparently at Iran's behest by local Shia Moslems. Yet the last of these were a pair of relatively modest bombings in the autumn.

But perhaps the most important factor in Kuwait's fragile new-found confidence is the psychological and material support it has had from foreign friends in the past nine months - from Egypt and Britain, for example, but especially from the US. The so-called "re-flagging" exercise, under which 11 Kuwaiti oil tankers have been registered in the US and are now regularly escorted by American warships through the Gulf, has become a significant success for Kuwait and the US. What is more, the Kuwaitis - who were almost certainly disturbed at the outset by the size of the US military build-up in the region and by the Iranian reaction to it - are no longer shy of voicing their approval.

American convoys - which started so inauspiciously, when the reflagged tanker Bridgeton hit a mine last July - have now become a routine matter. Although another US-flagged tanker, the Sea Isle City, was damaged by a Silkworm missile in Kuwaiti territorial waters last October, and Iran continues to attack neutral and unescorted ships in the southern Gulf, there has not been a single raid on a Kuwaiti tanker since re-registration began.

Quietly, through its mine-clearing and helicopter surveillance activities, the US Navy has succeeded in neutralising the waters of the northern Gulf – to the point where Washington has this week felt able to make a significant reduction in its naval fleet by withdrawing the battleship USS Iowa and two escorts.

Despite this move, early Kuwaiti doubts about the durability of the US commitment also appear to have diminished. The Kuwaiti ambassador to Washington told an American newspaper two weeks ago that he thought current US policy in the Gulf had repaired the damage done to American standing in the Arab world by the Iran-Contra affair, and would continue whoever wins the presidential election in November.

That is a bold prophecy. American or Egyptian readiness to defend Kuwait remains untested. Indeed, diplomats say that Kuwait's hopes of a broader US security guarantee were dealt a severe blow when Washington failed to respond to last October's missile attack on the Sea Island terminal. As realistic Kuwaiti officials concede, it is too early for them to relax.

Lagos security chiefs face murder charges

By Victor Mallet in Lagos

THE Nigerian authorities have charged two of their senior security officers with murdering Mr Dele Giwa, a leading journalist, who was killed by a parcel bomb at his Lagos home in 1986.

Col Halilu Akilu, director of military intelligence, and Lt Col A.K. Togun, deputy director of state security services, were charged in Lagos High Court with murder and conspiracy to murder.

Mr Giwa was the outspoken chief executive of Newswatch magazine. He was questioned by the security services shortly before his death.

At least seven witnesses, including Mr Giwa's wife and some of his colleagues, are expected to be called by the prosecution.

So far neither of the accused has been suspended from his post.

The Government was forced to launch a state prosecution by Mr Giwa's lawyer, Mr Gawe Fawehinmi, who fought a lengthy court battle and threatened to bring a private prosecution if the state failed to act.

Witnesses report deaths at Soweto rent protest

WITNESSES said three people were killed yesterday when about 1,000 blacks gathered to protest against rent evictions in the black township of Soweto, AP reports from Johannesburg.

Police eventually fired tear gas and used whips to disperse the crowd in the sprawling township outside Johannesburg, police and witnesses said.

However, police spokesman Capt. R.A. Crewe said he had no reports of shootings or injuries at the protest outside a municpal office. There was no additional information available on the three people who reportedly were shot.

Soweto municipal authorities, backed by the police and the army, carried out evictions during the past two days at the homes of people participating in a two year old rent boycott. Soweto's Housing Director Ms Estelle Bester said 28 families were targeted for eviction yesterday.

Police removed furniture from homes and placed locks on the doors. However, as in past evictions, residents re-entered their homes through back doors and windows, witnesses said.

Some 80 per cent of Soweto's estimated 2.5m residents have been participating in a rent boycott that began in 1986 to protest a host of political and economic grievances. Town clerk Mr Nico Malan said last Monday that residents owe R200m ($100m) in back rent.

Mr Malan also said that 75 per cent of Soweto's registered tenants paid their January rent, a dramatic increase over previous months. However, anti-apartheid leaders have said in recent weeks that the boycott remains strong and that most people continue to withhold rent payments.

In other developments, Minister of Law and Order Adriaan Vlok has agreed to pay R38,500 to a lawyer detained for six days in 1986 under the state of emergency regulations.

Dhaka opposition urges revenge

A MAIN Bangladeshi opposition leader called yesterday for "bloody revenge" for dissidents killed by security forces during a three-month-long anti-government campaign, Reuter reports from Dhaka.

"It's time we go for bloody revenge of the killings," said Awami League leader Sheikh Hasina at a rally in Dhaka. "We must retaliate death for death," she said.

Officials say at least 60 have died and 2,000 injured in clashes between police and activists in 24 days of strikes during the opposition campaign which began on November 10. At least 152 others were killed in violence during rural council elections last week, according to official figures.

Sri Lanka call for talks

SRI LANKA'S former prime minister, Mrs Sirimai Bandaranaike, yesterday asked all parties to discuss how to cope with what she called "this sinister threat to orderly civil society and politics" in the wake of her son-in-law's assassination, Mervyn de Silva reports from Colombo.

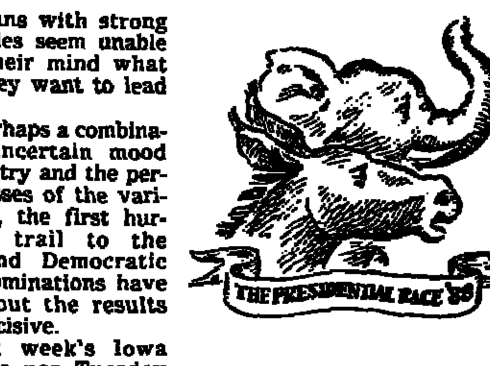
The murdered man, Mr Vijaya Kumaranatunge, was the prospective presidential candidate of a newly formed united leftist front and a star of the Sinhalese cinema.

In an obvious reference to the proscribed JVP, the extremist Sinhalese-Buddhist party accused by the united left of yesterday's killing, Mrs Bandaranaike said that all parties could freely participate in these talks.

Stewart Fleming charts the next stage of the campaign for the White House and, below, assesses George Bush's prospects

Focus set to shift on to the issues

EVEN Americans with strong partisan loyalties seem unable to make up their mind what sort of man they want to lead their country.



Reflecting perhaps a combination of the uncertain mood across the country and the perceived weaknesses of the various candidates, the first hurdles on the trail to the Republican and Democratic Presidential nominations have been cleared but the results have been indecisive.

Neither last week's Iowa party caucuses nor Tuesday night's primaries in New Hampshire have produced a clear frontrunner in either party. Even the ranks of the likely also-rans have been thinned less than at one time seemed possible.

Now the focus of attention will shift to Super Tuesday on March 8, diverting briefly for some "minor" events including the caucuses in Minnesota and the South Dakota primary next week and the South Carolina primary on March 5. But the second Tuesday of next month —featuring primary and caucus elections in 20 states, including 14 in the south – will pose a totally different challenge to the candidates of both parties than those which they will have hitherto faced up to that point.

"Minor" is in one sense an inadequate description of the contests between now and March 8. It is fair in that the number of convention delegates at stake over the next three weeks pales in comparison with the nearly 30 per cent at stake in each party on Super Tuesday. But for some candidates the intervening weeks will be crucial.

Senator Paul Simon, whose third place finish in the Democratic race in New Hampshire has left his candidacy poised inelegantly between obscurity and viability, badly needs a victory if he is to continue his under-funded campaign and Minnesota may be his last best chance.

The south looks like thin pickings for a northern liberal Democrat in a field which will contain not only Mr Simon's two big rivals in New Hampshire, Governor Michael Dukakis of Massachusetts who won here, and Congressman Richard Gephardt of Missouri who came second, but also two others with some presumed southern clout

The Rev Jesse Jackson will be a powerful factor in those southern states with large black communities. Senator Albert Gore of the border state of Tennessee is also relying heavily on a strong showing and has been building a $2m war chest to prove that his decision to sit out Iowa (and in practice New Hampshire) was not the mistake his critics maintain.

On the Republican side, too, the weeks before March 8 are not insignificant. Mr Dole, second to Vice-President Bush, cannot afford to lose in states such as South Dakota, where he is heavily favoured; Congressman Jack Kemp, who managed an encouraging third place finish in New Hampshire to lead the band of conservative ideologues, is, like Senator Simon, another candidate whose financial resources are so stretched that only a couple of strong performances can keep him in the race.

Money is going to matter much more in the lead up to Super Tuesday, with so many states at issue. Most candidates were able to muster sufficent funds to fight Iowa and New Hampshire, if they chose. But campaigns in big states like Florida and Texas, not to mention important medium-sized ones such as Massachusetts, North Carolina, Virgina and Washington, all voting on March 8, require reserves of a different order.

The failure of some candidates to do well enough in Iowa and New Hampshire has already caused the financial well to dry up, even though only Gen Alexander Haig has actually withdrawn. It has made it highly unlikely that Mr Kemp and Mr Pierre Dupont, the former governor of Delaware, can offer anything more than token resistance to Vice-President Bush, Senator Dole and Mr Robertson.

By the same token, Mr Dole needed his Iowa win and his reasonable second place finish in New Hampshire to keep the money flowing and stay in contention as a national candidate. Mr Bush, always better financed, has resources to keep him going for some time, barring disastrous results, while Mr Robertson's faithful army can survive on shorter commons. But, for nobody does media advertising come cheap.

On the Democratic side Iowa and New Hampshire have in all but name put paid to former Senator Gary Hart's candidacy and that of former Arizona Governor Bruce Babbitt, though both could, and Mr Hart might, continue to wage a guerilla campaign.


Successful Democrat Michael Dukakis and his wife Kitty in New Hampshire

Best placed financially on the Democratic side is Mr Dukakis. His win in New Hampshire will be denigrated by his rivals as a victory for a regional candidate. It is also said, though rarely publicly, that his ethnic Greek origins will not help him in the south.

But Mr Dukakis has been preparing well for a national election. Alone among the Democrats, he seems to have bridged the so-called "stature gap", which suggested that the Republicans had more imposing and experienced political leaders.

But, even if the campaign so far has been indecisive, it has also passed a certain stage. Until now, the candidates have concentrated more on projecting images than in addressing issues. As the campaign moves ahead, it should begin to generate not only heat but some light, as they are forced to focus on the issues which divide them.

Slide in US house starts

BY NANCY DUNNE IN WASHINGTON

US HOUSING starts slid 1.9 per cent in January, to their lowest level since since December 1982, according to the US Commerce Department.

The Commerce Department said new homes and apartments were being built at a seasonally adjusted annual rate of 1.38m units last month.

The level, down 24 per cent from January 1987, surprised economists who had expected a modest rebound in construction activity. Housing starts fell by 15.5 per cent in December.

In another report released yesterday, the Federal Reserve Board estimated that industrial production in January rose a seasonally adjusted 0.2 per cent. The increase, an indication of slowing economic activity, follows revised rises of 0.4 per cent in December and January.

Production of business equipment and cars slowed during January, while output of consumer goods and materials rose.

There had been hopes that there would be a rise in housing starts in January. However, this did not materialise and the prospects for a rebound in the near future seem poor. Building permits, the indicator watched for future building plans, fell 8.2 per cent in January.

Changes in the tax code, contained in the 1986 tax reform legislation, have been particularly damaging to housing construction. Last year new housing construction was the lowest since the last recession.

The pace of home building is significant because it implies a future slowing of sales of appliances and other durable goods.

●The Commerce Department said the December merchandise trade deficit totaled $10.64bn when freight and insurance costs are removed from import totals.

The December figure compares with an $11.68bn deficit in November, measured on the same "free alongside ship" basis.

Last week the department announced a December trade deficit of $12.2bn, including freight and insurance import costs, down from $13.22bn in November.

The Commerce Department routinely issues figures excluding insurance and freight about two working days after release of the official trade report. However, the $12.2bn deficit remains the official December figure.

El Salvador guerrillas launch broad offensive

LEFTWING Guerrillas launched a new offensive across El Salvador, including an attack on a key eastern garrison, as Central American foreign ministers gathered in the capital yesterday to discuss progress on a regional peace plan, **Reuter reports from San Salvador.**

The guerrilla's Radio Vencer-emos said they had inflicted "numerous casualties" on the army in an assault on the 6th Brigade barracks in Usulutan, a city of about 60,000 people 90km east of San Salvador.

A military official reached by telephone said the Farabundo Marti National Liberation Front (FMLN) guerrillas had besieged the barracks for several hours overnight with mortar fire.

He said five soldiers were killed in the barracks and two more were killed in fighting on the outskirts of the town.

A local radio station, YSU, quoted military sources as saying 40 civilians were wounded in the attack. It said a helicopter gunship had rocketed guerrilla positions in the city but it was not clear if this had caused the casualties.

The radio also said a policeman was killed in an attack on a cotton co-operative and oil factory near Usulutan. Warehouses were damaged and a nearby bridge was blown up.

Parts of four eastern provinces were left without electricity because of sabotage attacks on power lines, electrical company officials said.

Radio Vencermos said 25 government soldiers were killed or wounded in fighting elsewhere in the country.

A National Guardsman in San Jose Guayabal, 30km north of the capital, said that rebels had attacked the guard blockhouse and cut power lines. He said that there had been no casualties.

Western diplomats said it also appeared timed to focus attention on the FMLN struggle as the foreign ministers of El Salvador, Nicargaua, Guatemala, Honduras and Costa Rica met here to discuss progress in the regional peace plan signed by the five presidents last August.

It was their first meeting since the US Congress voted against President Ronald Reagan's request for renewed aid to the Nicaraguan Contra rebels.

Washington to hold talks over Falklands

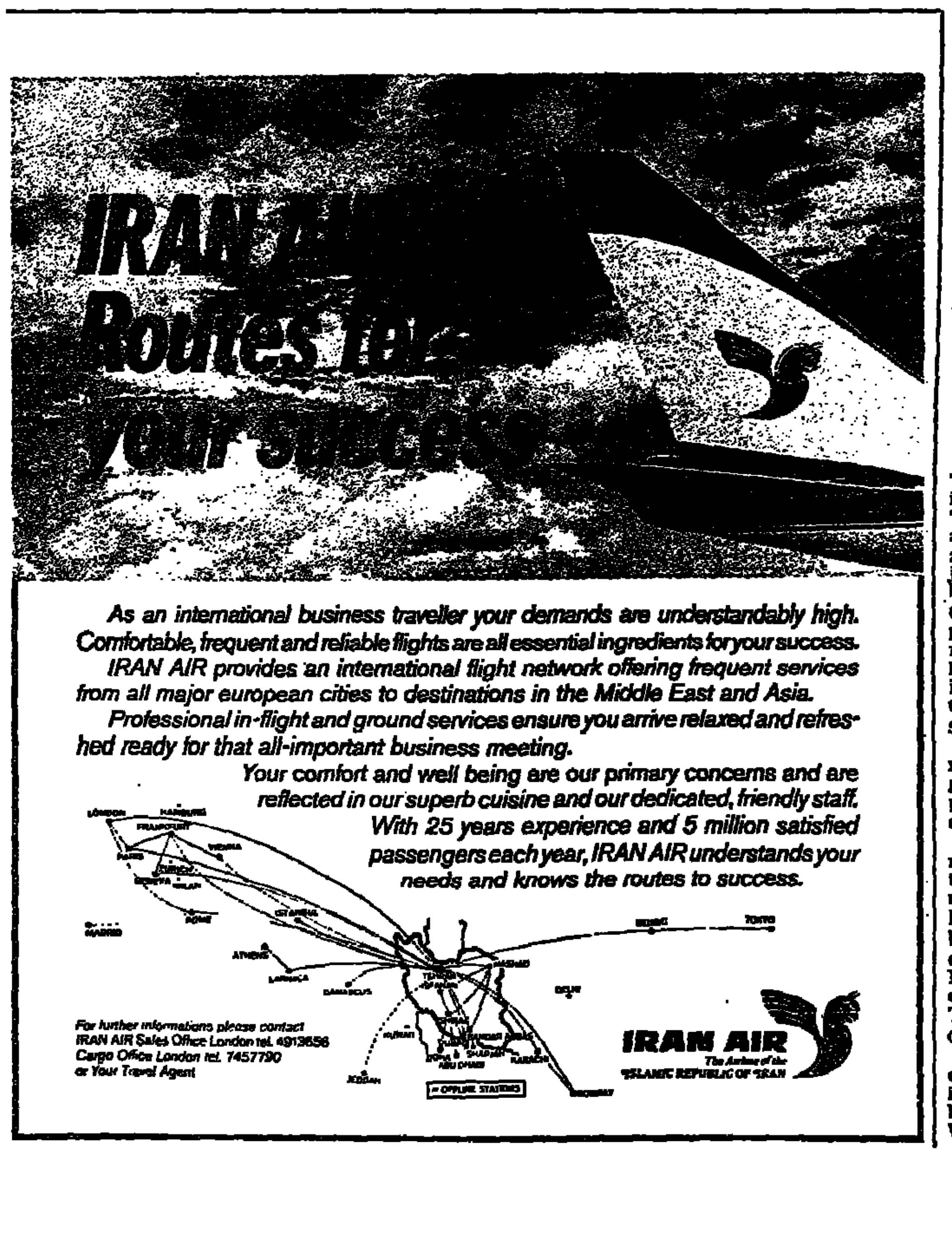
THE US is trying to stem rising tension in the South Atlantic over Britain's proposed military manoeuvres around the disputed Falkland Islands, diplomatic sources said yesterday, **Reuter reports from Buenos Aires.**

They said a surprise visit to Argentina by Mr Robert Gelbard, Under-Secretary of State for Latin American Affairs, indicated US concern about the tension over the archipelago for which Argentina and Britain fought a war in 1982.

Mr Gelbard flew into Buenos Aires on Tuesday night and in private yesterday met President Raul Alfonsin, Mr Dante Caputo, Foreign Minister, and Mr Theodore Gildred, US Ambassador to Argentina.

Britain said it will hold military exercises around the Falklands next month, partly to practise quick reinforcement of the archipelago.

Argentina claims historic rights over the Falklands, which it calls the Malvinas, and has recently sought talks with the UK over the islands' future.



US to hold talks to avoid Iraqi air attacks

By Our Middle East Staff

A US military delegation is to travel to Baghdad this week to discuss how to avoid accidental Iraqi air attacks on American warships and merchant vessels in the Gulf.

The Pentagon was alarmed last week when an Iraqi Badger bomber flew within eight miles of an American-escorted tanker convoy and reportedly fired at least one missile harmlessly into the sea.

Last year, an Iraqi jet fired an Exocet sea-skimming missile at a US frigate in the Gulf, killing 37 American sailors.

Iraq said the attack was an accident, and the US accepted the explanation.

The US mission to Baghdad follows a Pentagon announcement on Tuesday of a slight reduction in US military forces protecting Kuwaiti oil tankers and other US-flag ships from attack in the Iran-Iraq war.

It is understood to be the first real reduction of the US fleet in the war zone between Iraq and Iran.

The long-awaited move does not signal a change of US policy of protecting the freedom of navigation in the region.

The withdrawal of the battleship Iowa and two escort vessels - one destroyer and one cruiser - cuts the US force in the region to 25 ships.

A helicopter carrier and its team of mine-hunting helicopters will head home later this month.

Dockers step up strike action

DOCKERS in Argentina stepped up strike action this week in a wage dispute with the National Port Administration (AGP), disrupting port operations and causing serious congestion on wharves and in warehouses, Tim Coone reports.

According to AGP, the problem is most serious in Buenos Aires, where the buildup of undespatched merchandise is threatening to clog the port and bring operations to a halt.

Authoritarian solutions are lying in wait, Tim Coone reports

Argentina federalism under stress

THE IMMINENT financial collapse of a bank is not an edifying sight.

Agitated customers wave withdrawal slips and unhonoured bank titles, telephones are left unanswered by harassed secretaries, and embarrassed officials scurry past throngs of strident journalists demanding information. These were all part of the scene of barely-controlled panic outside the president's office of the Banco de la Provincia de Tucuman last week.

The latest provincial banking crisis, in Argentina's smallest but most densely populated province, is symbolic of the crisis of federalism in Argentina. The effort to give a large measure of political and economic autonomy to the country's 22 provinces has been severely restrained by the nation's limited resources and an overall economic policy decided in Buenos Aires and co-ordinated with the IMF.

The Banco de la Provincia de Tucuman, a financial pillar of Argentina's sugar industry and the provincial government of Tucuman, is deeply in the red. But whereas on other occasions the Central Bank or the Treasury has thrown a financial lifeline to hard-pressed provincial banks, this one is being left to its own resources.

It is no coincidence that rediscounts requested from the Central Bank have been refused just at the time that Mr Jose Luis Machinea, the Central Bank president, has run into difficulties in Washington with the IMF over budgetary targets for 1988.

The financing of the provinces is a perennial grouse of the IMF in its standby loan talks with Argentina. The release of almost $1.2bn in loans from the IMF, commercial banks and the World Bank, now hinges on IMF approval of the budget - just as Argentina's foreign exchange reserves are hitting an all-time low. "The Central Bank is doing to Tucuman what the IMF is doing to the Central Bank" said Mr Horacio Povina, the president of the Tucuman Industrial Association.

Support for a federalist system of government stems from over a century of bitter antagonism between Buenos Aires and the 22 provinces. Average per capita incomes continue to be significantly higher in the capital than in most of the provinces.

In an effort to redress these economic imbalances, provincial banks were established earlier this century to give financial muscle to the local governments and provide development loans to local entrepreneurs and farmers. Inevitably these have tended to be high-risk loans, with the emphasis on crops and industries with regional comparative advantages - sugar in Tucuman, grapes and wine in Mendoza, cattle and grain in the humid Pampa provinces.

Regional specialisation has made the economic fortunes of the provinces subject to the vicissitude of climate and the international market place, not to mention the economic policies determined in Buenos Aires. The latter have often been designed to transfer resources from the agricultural sector to industry, usually at the expense of the provinces.

The problem is that a financial crisis facing one sector such as the sugar industry affects not only the producers, but also the provincial bank through uncollectable loans, the local government through reduced taxes, and eventually the entire province.

In recent years several local governments, through their provincial banks, have taken to issuing local treasury letters as a means of raising finance, and even printing their own money, euphemistically called "debt-cancellation bonds."

Tucuman's problem is that it is now short of cash to redeem the letters and bonds as they come to maturity, and is appealing to the Central Bank for assistance. Mr Fernando Cortes, the Minister of Economy for Tucuman, said that he has requested rediscounts from the Central Bank of Aus250m ($50m) to redeem local bonds and treasury letters, and pay local government employee wages for last month. He came away empty-handed. "Balance your books first," was the reply.

How this will be done is unclear. Over 50 per cent of the local economy depends upon the sugar industry, which is in crisis. The provincial bank already has on its books Aus378m in defaulted loans to sugar producers.

A local government fiscal deficit running at Aus40m per month is shortly to be halved by slapping a local sales tax of 5 per cent on all goods and by cutting labour costs. But the province already has an unemployment rate of 15 per cent according to Mr Cortes. Shedding some of the 56,000 public employees would accentuate the social and political problems of the province.

Last September's elections saw the re-emergence of General Antonio Bussi, a former military governor of the province and one of 50 former military leaders still to face trial on human rights abuses. He obtained almost 20 per cent of the vote for governor at the head of the Bandera Blanca party, though after a disputed electoral college vote, a Peronist eventually won.

"It is a result of frustration," said Mr Isaias Nogues, son of the now deceased founder of Bandera Blanca. The failure of either the Peronists or Radicals to reverse economic stagnation, "has enabled authoritarian figures like Bussi to gain ground," he said.

Mr Jorge Rouges, a Tucuman lawyer specialising in constitutional affairs, said that "most of the provincial representatives, when they go to the Congress in Buenos Aires, follow party lines which are set and dominated by politicians from the Capital. This has weakened the federal voice".

The implication is clear enough. Authoritarian models of government are still lying in wait to be dusted off and used as an answer to Argentina's problems if the democratic ones fail to produce tangible results. They would receive support from a significant portion of the population. It is an uncomfortable thought as the government prepares to unleash yet another wave of austerity on the nation and the provinces as the quid pro quo for a package of IMF support.

Purge of army rebels gathers pace

BY OUR BUENOS AIRES CORRESPONDENT

THE much-awaited purge of rebellious officers in the Argentinian army gathered pace yesterday with the announcement that five lieutenant-colonels, two majors and a captain, are to be forcibly retired and two other captains cashiered for their involvement in last month's mutiny.

The ruling came from the Army Protmotions Board, and is expected to be ratified by General Dante Caridi, army chief of staff, when he returns from holiday next month. The board is expected to make rulings on 51 other officers in the coming weeks.

By not cashiering the senior officers and stripping them of their rank - a more serious punishment than forced retirement - the military courts will still be able to have jurisdiction over them, to try them on charges of mutiny, which is the wish of the government.

The measure reflects mounting confusion as to whether the rebels should be tried by civilian or military courts.

Uncertainty has been compounded by written testimony from President Raul Alfonsin to a civilian judge investigating the rebellion, that some of the rebels intended to assassinate both himself and the head of the Air Force, Brigadier Ernesto Crespo.

If the civilian courts were to try the rebels, they would face the more serious charge of rebellion under a law passed in 1984, and which in effect amounts to a charge of sedition against the state.

The government wants the military rather than civilian courts to impose harsh penalties on the rebels, as a means of showing to the public at large that the army is capable of cleaning itself up and to avoid further antagonism between the civilian justice system and the armed forces.

President Alfonsin has introduced an element of contradiction into the debate by testifying that some of the rebels were intent on an assassination attempt, taking the affair beyond the realms of mere mutiny and hence beyond jurisidiction of the military courts.

According to army figures, a total of 144 officers and 285 non-commissioned officers face charges for last month's rebellion.

Sarita Kendall reports on the sometimes violent local reaction to the arrival of oil companies

Prospectors and Indians draw battle lines

THE OIL business is flourishing in Ecuador's Amazon region. The screech of chainsaws announces new roads, camps and pumping stations in the jungle. Eight exploratory wells being drilled this year by foreign companies. Neither the prospect of a change of government – almost certain to bring a leftward shift in economic policy – nor the growing exasperation of Amazon Indian groups seems likely to slow the pace.

But the Indians are determined to be heard, and the next government may find it has to pay more attention to their demands.

The spearing of two Catholic missionaries last year was a tragic example of the conflicts underlying oil exploitation: fellow mission workers now believe that their death was caused by Bishop Alejandro Labaca being pressured into contacting the little-known Tagairi Indian group too quickly.

Since then, a protected area of 40,000ha has been drawn inside the exploration bloc held by Braspetro-Elf-Britoil Whether the Tagairi are actually in this area is a moot point: tracing some 50 nomadic Indians through a thick forest canopy presents problems. Assuming an appropriate legal formula can be found, the Braspetro consortium will be allocated another 40,000ha elsewhere.

However the Tagairi are not likely to be left alone, and other more westernised Indian groups have taken up their cause. Few of Ecuador's 80,000 or so Amazon Indians are still truly nomadic. Most live in settled communities and have frequent contact with traders, missionaries, the military and peasant colonisers from the highlands and the coast.

As oil roads penetrate the forest and colonisers flood in, Indian groups often move further into the jungle – or they may stick it out and do battle for land ownership papers.

"The land should be legalised first, before the oil companies come in," said Mr Edison Viteri, vice president of the Amazon Indian Confederation, Confenia. "Many Indian communities have been fighting for years to get their papers. Our attitude is hardening now, and we need to discuss the oil problem for the whole region."

Exploration contracts signed over the past three years are just beginning to show results. This year should see the development of BP's Payamino field where not only did BP strike first time, but the 30m barrel structure lies near one of the main production centres at Sacha.

Payamino extends over BP's border into a bloc held by the Ecuadorian state oil company, Cepe which will probably build the 35km pipeline to Sacha.

Both Indian and colonisers' villages are scattered through the BP area. "We have helped local communities by flattening land for them, and we gave some sewing machnes to a women's group," said Mr Brian Williams, BP's manager in Quito, the capital of Ecuador.

Land values have soared as a result of new access roads, while settlers near the exploration well now being drilled are hoping for a discovery, so the road will be continued.

Although the Indians often benefit from oil roads, and many of them work for exploration and construction companies, their habitat is being destroyed. Forced into farming methods which they realise are unsuited for the jungle, they too cut down the trees and try to obtain credit with which to buy cattle. Land allocations made by the Agrarian Reform Institute do not allow for the traditional agricultural mix.

From the point of view of the oil companies, none of this is their responsibility. "The onus is on the Government – they're supposed to see that programmes are cleared with other ministries, but it's all ad hoc," said one foreign manager.

If there is one point of agreement between the companies the Ecuadorian authorities and the Indians, it is the lack of co-ordination in the area.

For example, a forestry reserve is drawn on one map, a road from Coca to Curaray on another: the road is driven slap through the reserve, and pumping stations built along it. Colonisers on one side of the road have their land measured up for title deeds, Indians on the others side are told they cannot have legal ownership, because they are in a forestry reserve.

Mr Viteri admits the difficulties of lobbying for a share in oil income, while preserving the Indian way of life. "We need funds but they don't do us any good unless we have solid plans, and use them in ways to strengthen our culture."

Ecuador has no government body devoted to the Indian – partly because the Indians themselves are well organised and have opposed the creation of such a state institution.

The Amazon area produces about 300,000 barrels a day of oil for Ecuador – normally this represents over half of export income, though last year's earthquake and low prices cut oil earnings. The adage that national development cannot wait for a few Indians – heard in all the Amazon countries – is familiar to the Shuar, the Quichua and other indigenous groups. The argument is not that development should stop, but that Indians have special needs to discuss and contributions to make.

WORLD TRADE NEWS

UK group wins £50m train order

By Richard Tomkins, Midlands Correspondent

METRO-CAMMELL, the Birmingham-based railway rolling stock company, which is owned by the Laird Group, has won a contract to supply £50m of trains to the Kowloon Canton Railway in Hong Kong.

The order is for up to 16 six-car electric multiple units which will be used on the 34 km line connecting Hong Kong with China. Metro-Cammell said it had fought tough Japanese competition to win it. The trains are needed to meet rapidly rising passenger volumes on the newly electrified line.

Delivery will begin in 1990. Metro-Cammell has supplied all the Kowloon Canton Railway's passenger trains, consisting of 86 three-car sets, since the railway was modernised in 1979. It has also supplied the trains for Hong Kong's Mass Rapid Transit Corporation. The company said the train industry worldwide was oversubscribed with capacity, and core markets were constantly under threat.

US to act on Korean cigarette barriers

THE US has begun investigating South Korea's import restrictions on cigarettes and has warned that the curbs could lead to retaliation, **AP-DJ reports from Washington.**

US tobacco companies have asked Mr Clayton Yeutter, the US Trade Representative, to act under the 1974 Trade Act to press the Koreans to increase imports of US cigarettes.

Mr Yeutter said US cigarette makers were losing $500m a year in exports to South Korea because of unfair trade barriers.

BAe in Canada deal

British Aerospace has broken into the Canadian market with its Type 146 85-seater jet airliner, winning a C$160m order for three aircraft, with another three on option, from the Canadian regional airline, Air BC of Vancouver, **writes Michael Donne, Aerospace Correspondent.**

EC probes dumping of Korean TVs and Japanese copiers

BY TIM DICKSON IN BRUSSELS

THE European Commission yesterday announced investigations into complaints that the Japanese photocopying industry and Korean manufacturers of colour television sets have been unfairly dumping their products on the European market.

The Japanese photocopier inquiry is the third to be conducted under a European Community law passed last June allowing anti-dumping duties to be extended to imported components used in sub assembly, or "screwdriver" plants in the EC. The other two concerned electronic typewriters and scales

According to Cecom, the industry group which represents major European photocopying manufacturers like Olivetti, Rank Xerox (UK) and Oce of the Netherlands, Japanese companies have got round a 20 per cent duty imposed on their machines last year by bringing in components "originating from Japan" for "screwdriver" plants in the UK, West Germany and France.

The companies named in the complaint are Canon, Konishiroku Photo Industry, Matsushite Electric, Minolta Camera, Ricoh, Sharp and Toshiba.

The Korean case, meanwhile, is a further sign of the Community's determination to keep up pressure on the Seoul Government following the controversial decision in December to withdraw the duty free access for Korean goods allowed under the Generalised System of Preferences.(GSP).

The complaint against the makers of small screen colour TV sets alleges that their prices have at times been as much as 38 per cent below those charged by Community producers and that the Korean share of the market has increased from 0.3 per cent in 1983 to an estimated 16 per cent last year.

UK to back Indonesia refinery

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA is to build a sixth major oil refinery with UK backing, Mr Abdul Rahman Ramly, head of Pertamina, the state oil company, told parliament yesterday. The facility, worth $700m (£388m), refines 100,000 barrels a day, most of it for export.

The project, first discussed when Mrs Thatcher visited Jakarta in 1985, would be partly financed by British aid, Mr Ramly said.

British Petroleum is understood to be involved in a British-Japanese consortium being assembled to finance the plant on a non-recourse basis, where the lenders recover costs from refinery revenues. Foster Wheeler of the US and Mitsui and Mitsubishi of Japan are also said to be involved.

The UK aid does not normally give aid for oil projects. However BP is understood to be pressing for government backing. The issue is likely to be discussed when Mr Cecil Parkinson, UK Energy Minister, heads a large UK oil industry delegation to Jakarta in June.

Pertamina said a feasibility study had been completed and construction would begin soon. Indonesia has five major refineries and total refining capacity of 900,000 barrels a day. But current capacity use is 675,000 b/d.

Plans for a sixth refinery to be sited at Plaju in South Sumatra were re-phased in 1983.

The refinery is expected to have a profound effect on Singapore, the region's main refining centre, industry officials said. Most Indonesian-refined products are sold to the domestic market but much of the new refinery's output would be sold to Japan.

The latest move into downstream activities is seen as a way of increasing Indonesia's oil revenues and maintaining market share, without breaking Opec ranks.

Dassault in US avionics pact

BY PAUL BETTS IN PARIS

AN OFFSHOOT of the French aircraft group, Dassault-Breguet, has signed a technology transfer agreement with Westinghouse of the US to develop avionic systems for fighter aircraft.

The agreement, which must be approved by the Pentagon, is the second important link between French and US companies in the sensitive field of defence technology.

Thomson CSF, the state controlled French defence and electronics group, has negotiated a technology transfer deal with Texas Instruments involving radar components. But this deal, like the Electronique Serge Dassault-Westinghouse agreement, hinges on US and French government approval.

Both agreements are closely connected to France's ambitious new generation combat aircraft programme, Rafale. Electronique Serge Dassault and Thomson are competing for the radar system for the new French fighter aircraft programme and hope that their US technology swaps will improve their chances. The choice of the radar for the Rafale is expected to be made next September.

The two deals reflect a major evolution in US policy on the transfer of sensitive defence technology to Western allies. Indeed, both Washington and Paris appear increasingly keen to develop co-operation in the defence technology field.

The French and US governments are negotiating a memorandum of understanding to enable the technology exchange agreements to go ahead.. But despite the increasing openness of Washington towards technology swaps with its European allies, French officials fear the agreements could collapse if the US insists on unacceptable export restrictions for the French.

ICI to build £16m drug plant near Milan

BY JOHN WYLES IN MILAN

ICI, UK chemical group, yesterday announced its biggest pharmaceuticals investment in Italy and the largest it will make anywhere in Europe this year.

The company plans to build a £16m plant outside Milan to manufacture its new anaesthetic, Diprivan, for almost all world markets.

Senior executives said the plant heralds a big sales drive to raise the company's 0.6 per cent share of the pharmaceuticals market.

The new factory is seen as a means to earning a certificate of good citizenship as a result of which it is hoped that the Italian government and medical profession will be receptive to new products which ICI plans to place on the Italian market.

ICI will build its plant at Caponago, near Milan, where its Italian subsidiary, ICI-Pharma, already has a manufacturing presence.

When it comes fully on stream after 1990, the company hopes to be producing 50m phials of Diprivin, earning an annual turnover of L100bn ($79m). About another 60 jobs will be added to the company's 100-strong manufacturing payroll.

Mr Michael O'Brien, a general manager of ICI Pharmaceuticals, said yesterday that Italy was the world's fifth biggest market for pharmaceutical products and offered the right business and political climate "for an investment like this."

Innovation and the development of new products was encouraged in Italy, and alongside the construction of the new plant the British company was looking to increase significantly its presence in the Italian market.

ICI-Pharma's sales last year were L50bn, or 5 per cent of the British company's worldwide pharmaceutical sales.

Mr O'Brien said that the investment was large by pharmaceuticals standards and was equivalent to about 15 per cent of ICI Pharmaceuticals' total planned investments this year.

The company has high hopes for Diprivin which has staken 15 years to develop and was finally launched in 1986. ICI claims that the anaesthetic is ideal for short and medium-length operations and reduces the recovery time because it is does not cause any of the usual post-anaesthesia side effects of nausea and vomiting. It has been cleared for marketing in 11 countries and should be available in 50 by 1990.

French and US in clash on Gatt date

BY PETER MONTAGNON, WORLD TRADE EDITOR

THE General Agreement on Tariffs and Trade (Gatt) faces a difficult decision today over the timing of the mid-term ministerial review of the Uruguay Round of multilateral trade negotiations expected to take place around the end of the year.

The seemingly simple matter of scheduling has become controversial because it will coincide with the changeover in the US Administration following November's presidential elections.

France has been holding out for a postponement until well into 1989 after the inauguration of the new president, but the Reagan Administration is anxious for an earlier review producing evidence of progress in the round before its term of office expires.

Mr Alan Clark, UK Trade Minister, said that with the controversy still open, it was possible the Gatt might be unable to agree on a date for the review at the meeting this afternoon of its Trade Negotiating Committee. A final decision might have to be postponed.

A consensus on the content of the review would in any case probably not emerge before the informal meeting of trade ministers now scheduled for Constance, West Germany, on March 18. This would examine whether the review should be a mere stock-taking as proposed by France or an "early harvest" incorporating concrete agreement on some of the Uruguay Round issues.

Britain believed the review should yield some concrete results, Mr Clark said. "An insubstantial mid-term review would do very little for the prestige of the Gatt or for the impetus that is going to be needed in the second half (of the negotiations).

"It's not the case that there are no subjects where it would not be perfectly possible to get agreements and to nail them up," he said. His remark contrasts with the French belief that rushing into partial agreement on individual subjects could jeopardise the entire Uruguay Round negotiating process.

Trade diplomats say that by the time of the review, expected to take place in Montreal, negotiations on some subjects like the treatment of tropical products and improving Gatt dispute settlement procedures should be far enough advanced for concrete results to be announced.

Alan Clark: controversy still open

Sydney port logjam spurs reform call

BY CHRIS SHERWELL IN SYDNEY

CARGO clogging Sydney's ports has reinforced calls for reform of restrictive work practices in Australia's industrially troubled docks and shipping industry.

Labour disputes have led to the closure of terminals and a consequent backlog which the opposition Liberal Party puts at nine weeks.

But there was also a sharp increase in imports in December and January and the closure of some wharves because of last month's bicentennial celebrations.

Several thousand containers are said to be held up. Mr Fred Chaney, an opposition senator, alleged in parliament yesterday that the depots were "in chaos," and claimed that bribery was being used to get cargo moving.

The problem has clearly lent urgency to reviews of port problems being undertaken by the Government as part of its wider strategy of micro-economic reform and structural adjustment.

Many business and trading groups are leading the campaign for change. The Australian Small Business Association says thousands of small importers and manufacturers suffer constant financial stress because of cash tied up in goods lying around the ports.

The critics also include the National Farmers Federation, which has complained at the excessive cost of moving grain, and the Australian Petroleum Exploration Association, which has attacked high port and stevedoring charges as part of its wider criticism of coastal shipping.

The problems stem both from poor management by port authorities and private terminal operators, and from tough demands by powerful unions like the Waterside Workers Federation.

The sometimes cosy relationship in the ports has resulted in the overstaffing and restrictive practices which have pushed up handling charges and generally damaged the efficiency of Australian port operations.

Sydney's Published accounts say overtime is typically worked only on the expensive basis of "one in, all in," while sick leave, often regarded as an entitlement, is covered only through overtime. Tea breaks are said to be taken by all port workers simultaneously.

Reports late last year said the government would soon launch a national waterfront strategy to overcome the obstacle of shore-based shipping costs to an improved trading performance.

It is still awaited.

South African Airways to buy Airbuses

By Michael Donne in London

SOUTH AFRICAN Airways is buying up to seven of the new twin-engined A-320 Airbuses – two on firm order and five more on option – worth in all more than $250m.

They will replace Boeing 737 twin-engined jets on that airline's domestic and regional routes within Southern Africa.

The airline has been an Airbus customer since 1976, when it first took delivery of the larger A-300 Airbus. Each A-320 with South African Airways will seat 145 passengers.

Airbus Industrie said that its test programme for the A-320 is on schedule, with certification due around the end of February or early March.

FT LAW REPORTS

Self-censorship of the press

By A.H. Hermann, Legal Correspondent

WALKING down a busy Prague thoroughfare, Mr Bondy, a leading Czech banker, noticed in the crowd ahead of him the familiar silhouette of Miss T, whom he hoped soon to marry. While trying to catch up with her, he contemplated her graceful form with great pleasure. However, Miss T, whose father had recently fitted their house with central heating run on one of the new atomic generators – which as a by-product released the "absolute", making people saintly and clairvoyant – turned suddenly and said: "Fie, Mr Bondy, are you not ashamed of such naughty thoughts?" To which Mr Bondy, deeply saddened, replied to the effect that their engagement was off, as without secret thoughts no marriage was possible.

One is reminded of this profound wisdom, attributed to Mr Bondy by Karel Capek in his novel, Factory for the Absolute, by a recent dictum from Sir John Donaldson, Master of the Rolls, the chief judge of the civil appeal court. He said that without an enforceable right in the maintenance of confidence "life would be intolerable in personal and commercial terms..."

Such a right can arise not only out of contract, but also as a necessary or traditional attribute of a relationship. "The Crown...has an enforceable right to the maintenance of confidentiality arising out of the very nature of such information and the consequences of its disclosure, without regard to any contract binding the confidant...or to the Official Secrets Act." The courts must have power to deal with publication which threatens national security.

I am quoting, of course, from the Court of Appeal judgment last week, which unanimously confirmed Mr Justice Scott's refusal to grant a permanent injunction prohibiting reporting and comment on Mr Peter Wright's book, Spycatcher. At the same time, by a majority, with Sir John dissenting, it reversed his prohibition of serialisation of the book by UK newspapers.

Confidentiality

How simple it would be if one could look up a civil code, or at least an Act of Parliament! Unfortunately, neither is available and the extent, limits and enforceability of confidentiality can only be divined from a maze of precedental judgments which can be applied, or "distinguished", with emphasis shifting freely according to the judge's preferences: not something which a busy editor can hope to anticipate successfully between 5.30 and 5.35pm.

Confidentiality can apparently be claimed even if the information has already been disclosed to a part, though not all, of the relevant public and even if it could have been obtained from other sources, though only with great exertion. It remains binding on third parties, unless they bought it innocently.

As I argued in the Financial Times on January 18 1988, and the Court of Appeal has now confirmed, there is no difference between the "freedom of expression" guaranteed by Article 10 of the European Convention on Human Rights and the basic freedom of UK citizens to say and publish whatever they like, unless restricted by contract or by "pressing social need" provided that such protection of confidentiality is "proportionate to the legitimate need pursued".

A "just cause or excuse" for its breach may override the need for confidentiality. The disclosure should not be indiscriminate. If someone learns of iniquities in the Secret Service, he should disclose such information in the first place to the Director General of the Secret Service or to the Home Secretary, the Prime Minister, former Home Secretaries, if necessary to the Leader of the Opposition and only as the last resort, if he was convinced that none of this helped, to the public.

Iniquities

As Vice Chancellor Wood once said, Lord Justice Bingham now endorsed, one cannot be made the confidant of a crime or of a fraud. But a mere allegation of crime or fraud does not oust the duty of confidence.

When the Spycatcher case came first before the Court of Appeal (in its interlocutory stage), the Master of the Rolls said that to excuse the breach of confidentiality, allegations must be proved and the burden of proof would lie upon the newspapers. Lord Justice Bingham pointed out that such a proof might be very difficult and often impossible, as a public interest immunity would deny the newspapers the inspection of documents and the calling of witnesses.

The Master of the Rolls has now amended what he said earlier. What he meant to say was that the greater the importance of the confidentiality about to be breached, the more sure the newspaper must be that the allegations are likely to be true.

He no longer speaks of proof but of the need of "independent corroboration and, in a national security context, considering what opportunity the government has had of investigating the allegations, what investigations have taken place and the result (if known), the extent to which the Opposition is aware of the allegations...and the extent to which the ordinary process of parliamentary control of the executive is operating and may be relied upon to safeguard public interest."

Such self-censorship, I would say, is a tall order, and the performance of it is likely to depend greatly on the political bias of the editor involved.

Then there is the question what "iniquity" is in this context. Lord Denning said: "The members of the (Secret) Service are in the eye of the law, ordinary citizens with no powers greater than anyone else... They cannot enter premises without the consent of the householder, even if they may suspect a spy is there."

Sir John does not agree entirely and sees a need for some discretion and common sense. To check on information that a spy may be operating from particular premises, a secret search of these may be the sensible thing to do. If this is really "wrongdoing" it may be a very proper exercise in discretion on the part of the responsible authorities not to prosecute, much in the same way as fire engines and ambulances are not prosecuted for crossing red traffic lights and driving on the wrong side of the road to bypass a traffic jam.

However, though such "burglaries" may be tolerated, there are other things which cannot, such as physical violence or physical restraint. It may be that parliament should regularise the position of the Service, said Sir John, or maybe the public interest is better served by leaving the members of the Service liable to prosecution for any breach of the law, on the assumption that in appropriate cases, prosecuting authorities will refrain from prosecution or the Attorney General will stop it.

"However that problem is resolved," concluded Sir John, "it is absurd to contend that *any* breach of the law, whatever its character, will constitute such wrongdoing as to deprive the Service of the secrecy without which it cannot possibly operate".

Future publication

While all three Appeal judges agreed that reporting and comments on Spycatcher should be allowed, the Master of the Rolls and Lord Justice Dillon said that serialisation of Spycatcher amounted to stepping into Mr Wright's shoes by means of contract and copyright licence, and that the Sunday Times was wrong to start serialisation ahead of the US publication of the book.

As to future serialisation, their views differed. The Master of the Rolls would uphold prohibition of the serialisation, but Lord Justice Dillon agreed with Lord Justice Bingham that serialisation should be allowed. As Lord Justice Bingham said, it would be "anomalous if a citizen of this country could read reports and reviews of the book... and could buy it in a bookshop... but could not read a serialised extract of the book in a newspaper." In his view, the denial of profit to Mr Wright cannot outweigh the overwhelming weight of press freedom.

To which I would only add that to allow access to information to the book-reading public and to deny it to the majority of the electorate which, rightly or wrongly, relies on what it learns from the media, may be fitting in Plato's elitist Republic but not in the UK in 1988.

Minister warns City firms on authorisation

BY PETER RIDDELL, POLITICAL EDITOR

INVESTMENT businesses and advisers were last night warned to apply for official authorisation to comply with the Financial Services Act investor protection legislation by the end of next week, or run the "very serious risk of having to close down in April."

After April 1 companies offering investment advice or services will need official authorisation either from the Securities and Investments Board, the umbrella regulatory body, or from particular self-regulatory organisations operating under the SIB.

The Government's warning came from Lord Young, the Trade and Industry Secretary, who said he was concerned at reports of the number of firms which have so far failed to apply. He noted that after April it would be a crime, with the penalty of imprisonment or a fine, to carry on businesses without authorisation.

Nevertheless, the Government last night expressed confidence in the ability of the City of London's regulatory bodies to cope with the flood of nearly 10,000 applications.

Faced with growing concern among affected organisations and at Westminster, the Department of Trade and Industry today begins a newspaper publicity campaign emphasising the need to apply for authorisation before February 27.

In a series of parliamentary written answers last night, Mr Francis Maude, the Corporate Affairs Minister, revealed that about 9,800 applications for authorisation had been approved or were in course of consideration on February 12.

There has been mounting concern in the City about whether these applications can be processed before April 1, when key features of the Financial Services Act come into force.

Political pressure rose yesterday when Mr Tony Blair, Labour's City spokesman, wrote to Mr Maude calling for urgent action to avoid chaos and to safeguard the public.

Mr Maude said that when functions were transferred to the SIB last May the Government had been satisfied its available staff and resources sufficed for the time and he believed that still applied. He also backed the SIB's judgment on the adequacy of the self-regulatory organisations' resources.

However, there has been concern about the provision that businesses submitting applications before February 27 which have not been processed by April 1 will receive interim authorisation.

Mr Blair said there would be many firms operating with ostensible authority after April which had not been adequately checked at all, and members of the public might be under the mistaken belief that they were dealing with firms which met the requirements of the act, rather than having merely filed an application.

He urged that extra staff be drafted to cut the backlog, with consideration being given to ensuring that the words "interim authorisation" were suitably qualified, to provide an adequate explanation of a firm's real status.

Electricity price 'should be falling, not rising'

BY MAX WILKINSON, RESOURCES EDITOR

MR CECIL PARKINSON, the Energy Secretary, got his economics wrong when he forced through a 15 per cent rise in electricity prices over two years, says an indpendent report commissioned by the Confederation of British Industry.

The report by Mr Dieter Helm of the London Business School and Professor Colin Mayer of the City University Business School suggests that electricity prices should even be falling.

In the report, to be released later this week, they say that electricity prices should reflect the fact that the industry has more power stations than it needs and is likely to have low fuel costs for some time.

Expansion promised for satellite services

By Terry Dodsworth

THE BRITISH Government is to introduce further competition in satellite communications with measures aimed at encouraging a range of special services to specific user groups.

Lord Young, Secretary for Trade and Industry, said yesterday that he would be licensing up to six additional operators to run the proposed services, which could be introduced sometime later this year.

He emphasised, however, that the Government had decided against any moves that would challenge the present duopoly enjoyed by British Telecom and Mercury over the basic telephone network.

The duopoly arrangements would come up for review in 1990 in line with the Government's original intentions, he said. Until then, it was important to allow Mercury to develop to provide effective competition to BT.

The proposed new services will differ from those offered by BT and Mercury in several ways. Transmissions will be only in one direction, so that users who receive messages will not be able to respond directly.

In addition, the signals will go out only to specially identified customers, using appropriate reception dishes tuned to the allocated wavelengths. All the services will be licensed for the UK only.

Lord Young said that the Government had been under pressure to liberalise the UK's satellite services, particularly since he himself was known as an exponent of deregulation.

He expected many new uses of satellites to emerge, such as the provision of information to a chain of betting shops from a central transmission station.

There was some disappointment in the satellite industry last night, however, that the Government's proposals had not gone further. British Aerospace, for example, said that to compete with American companies in the world market it needed a similar legal framework enabling it both to construct satellites and operate two-way telecommunications services.

Pan American Satellite, a US company trying to break into the UK market, said it would be studying the proposals.

The deal has implications for forthcoming wage talks, writes Charles Leadbeater

Ford unions in the driving seat

THE CHANGE of mood in Mr John Hougham, Ford's personnel director, over the past few weeks has eloquently conveyed the sense that the eight-day strike by the company's manual workers has brought the unions a victory.

Three weeks ago, on January 31, Mr Hougham was ecstatic: the unions' national negotiators had agreed to recommend acceptance of his final offer for a three-year deal; the unions had extracted a higher pay offer, but as for the major tasks of refashioning industrial relations and working practices, the company was very definitely in the driving seat.

But last Tuesday, Mr Hougham was subdued: the final two-year deal was a common sense agreement, he said. There was no claim of a breakthrough, but a strong sense that the unions had reined the company in.

Was it a victory for the unions? What are the implications for industrial relations in the motor industry and manufacturing more generally?

There seems little room for Ford to escape the charge that it seriously mishandled the negotiations.

If a three-year agreement was vital to their plans, the concession has been a major climbdown. If it was not, the concession compounds the misjudgment of the mood of the shopfloor and suggests the company plunged into a strike, and did an embarrassing U-turn, in defence of something not central to its goals.

The dispute may mark the high tide of the company's confidence. In future, the unions are likely to be much more assertive in limiting the pace and conditions under which the company introduces change.

First, the unions have shown they can mount a solid strike which can very quickly disrupt the company's integrated, rationalised production system in Britain and on the Continent.

Second, they have won a commitment that working practice changes will not be imposed without local agreement. This means the company will have to increase union involvement in local negotiation about changes, rather than approaching workers directly.

Third, in the recent negotiations, the unions' claim was put to one side almost immediately after it was submitted. In the next negotiations, in 18 months time, the unions may be in a position to set some of the agenda, possibly by concentrating on the target of a shorter working week.

However, it must be remembered that these are indicators of union success only because the unions have accommodated earlier "defeats." Two-year agreements are still a relatively recent innovation and the company will get most of its working practice changes.

Companies considering three-year agreements will be much edgier. The first test of this will come at the Post Office next month, where managers have said they want a three-year agreement in the letters business.

The 7 per cent a year pay award confirms an upward trend in settlements since late last year. Combined with a two-year offer at Vauxhall worth 14 per cent, and the possibility of industrial action at Land Rover and Renault trucks, companies may decide 7 per cent is the price of avoiding disruption.

According to senior union officials, the situation at Ford could be replicated in manufacturing companies where profits are up and fundamental restructuring has come to an end.

Workers are fully conscious that more flexible working practices, introduced in the early 1980s, have improved productivity. In a tightening labour market, they feel they are in a position to demand higher rewards.

This frustration will be reflected in pre-strike ballots, but companies may have increasing difficulty interpreting the outcome of ballots. Are workers really voting for action or just to strengthen the hands of their negotiators?

Ford seems to have decided thatthe strength of opposition could only be tested by actually going into a dispute: but to make major concessions merely on the basis of a ballot, would set a worrying precedent.

This is a risky course, partly because ballots solidify strikes, and because companies which have slimmed down, moved to just-in-time, single-sourcing production systems with low stocks of components, are much more vulnerable to disruption that they used to be.

Does the dispute mark a watershed for the labour movement? Mr Tom Sawyer, deputy general secretary of Nupe, the public workers' union, and one of the labour movement's most influential strategists, is cautious: "It will give greater confidence, but the lesson is that unions have to tailor their action to different settings."

Private Land Rover strike poll

LAND ROVER, the vehicle maker facing a pay strike from Sunday, said yesterday it had commissioned a private poll of workers to see what proportion favoured industrial action, writes Richard Tomkins.

The unusual move reflects rising concern among employers about union-organised strike ballots.

Land Rover's survey was conducted by Mori, the opinion research group, on Tuesday. The poll of 300 of the 6,000 Land Rover manual workers was said to have found 45 per cent in favour of striking and 44 per cent opposed.

In last week's union ballot, 66 per cent voted to reject the company's final pay offer. Land Rover said yesterday of the contrast between the two outcomes: "This gives us a much clearer picture of the views of the workforce."

The company's move prompted an angry reaction from the workers, several hundred of whom walked out for 30 minutes yesterday morning in protest.

Building societies face conversion hurdle

BY DAVID BARCHARD

BUILDING societies planning to convert themselves into public companies could face huge bills for capital gains tax and stamp duty unless there are changes in the law.

Individual societies' total tax liabilities could exceed a single year's profits.

The Building Societies Association has raised its concerns with the Treasury and Inland Revenue and is awaiting a response.

"We are reasonably hopeful that the Inland Revenue will agree to some changes as the present situation means that the cost of conversion would be too great," the association said yesterday.

The Inland Revenue is understood to have told the societies it has considered the issue and put it to ministers.

Building societies have mutual status, which bars them from seeking equity capital and means they are subject to restrictions on their activities imposed by the Building Societies Act 1986. This act gave them the option of converting to public limited companies.

Such a move is being contemplated by several leading societies. If they proceed they would cease to exist as mutual bodies and be succeeded by limited companies, with assets, including premises and goodwill, transferred from the old legal entity to the new one.

As the law stands, the new companies would be liable to capital gains tax of 35 per cent on the indexed gain on the market value of their business premises and goodwill. They would probably also have to pay stamp duty of 1 per cent as well as capital duty on the issue of new shares for the company.

One City of London accountant said yesterday thatthe Halifax, one of the biggest societies with gross assets of around £31bn, would probably face a tax bill of around £360m if it converted.

The problem would be the definition of the societies' tax liabilities for their goodwill as business concerns. One way of defining goodwill might be to assess it as their earnings over several years.

Warburg winds up investment partnership

WARBURG Securities and CL-Alexanders Laing and Cruickshank, owned by the French bank Credit Lyonnaise, announced the winding up of their investment trust partnership, whose 12 analysts and salesmen are being recruited by Warburg.

The two firms set up the partnership when the enforced distinction between stockbroker and market-maker was abolished in the Stock Exchange's Big Bang reforms in October 1986.

Plastics venture

General Electric, the diversified US company, one of the world's biggest makers of high-value engineering plastics, announced a venture in partnership with KBD, a UK design company, to accelerate use of new plastics materials in the automotive and engineering industries.

Jobs for Ulster

A total of 150 jobs are to be created in two areas of serious unemployment in Northern Ireland over the next two years, 100 in a multi-million pound shop and office development at Strabane in Co. Londonderry and 50 in a meat processing company in County Antrim.

Dumping fears

Britain's textile industry is to submit evidence to the department of trade and industry to support its claim that a flood of cheap Turkish acrylic yarns is being dumped in the UK which could damage investment in the industry.

Parcel post

The Post Office is launching a premium parcel service called SuperService, guaranteeing 48-hour delivery for large business customers.

Tourists' favourites

The British Museum was London's top tourist attraction last year with 3.7m visitors, according to the London Tourist Board, followed by the National Gallery, the Science Museum, and the Natural History Museum. Madame Tussaud's, kept its market leadership as the most popular paid-for attraction.

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UK NEWS

Britain states fears on draft broadcast treaties

BY RAYMOND SNODDY

THE BRITISH Government has serious reservations about attempts by both the European Community and the Council of Europe to create international agreements on the regulation of broadcasting.

Mr Douglas Hurd, the Home Secretary, said yesterday at the Financial Times Cable and Satellite Conference in London, that his Government would try to amend both their proposals for a European convention, setting out minimum standards for European broadcasting and the EC draft directive on trans-frontier television.

The Government has, in the past, supported moves towards a Council of Europe convention but has been critical of the EC draft directive as being too bureaucratic and restrictive.

Yesterday Mr Hurd attacked Council of Europe proposals for new restrictions on television advertising and sponsorship and said they would be "harmful to the commercial television companies and to the new media."

Some countries wanted to ban commercial breaks in any programme lasting for less than 45 minutes. There was also pressure for a complete ban on the advertising of tobacco products and some wanted to extend this ban to the advertising of alcoholic drinks.

Douglas Hurd

"To limit the extent to which programmes could be interrupted would undoubtedly have serious implications for the presentation and scheduling of broadcast advertising in this country," Mr Hurd said.

The British Government would make its views clear at a meeting, in Vienna, of European broadcasting ministers in April.

Mr Hurd said the Government accepted the aim of the EC draft directive to eliminate barriers to the sale of television programmes throughout the Community.

The Government also believed that measures for the protection of children raised important issues of EC competence and was opposed to forcing anyone to give up a programme copyright against their will.

"Progress with the directive depends essentially on the willingness of the Commission to respond to arguments put forward by member states who face problems with the present text," Mr Hurd said.

The Government was still looking at the possibility of penalising British advertisers who supported "obscene or offensive services."

Government to 'extend choice'

BY RAYMOND SNODDY

MR DOUGLAS Hurd, the Home Secretary, told the FT Cable and Satellite Conference that the Government intended to create a new framework for broadcasting in the UK to increase consumer choice without jeopardising programme standards or quality.

A regulatory structure is being drawn up to allow the broadcasting industry to develop without unnecessary interference.

"It does not follow that every form of broadcasting should be allowed the moment it becomes technically feasible," Mr Hurd said. "But our instinct in front of those decisions is to enlarge choice; that is the whole point of the exercise."

Earlier, Lord Thomson, chairman of the Independent Broadcasting Authority, said the authority had showed it could handle change. "I believe that we can develop our positive regulation to address the major changes that lie ahead," he said.

Mr Michael Checkland, director general of the BBC, said a fifth television channel for the UK by 1992 was "this year's best buy" and whether financed by advertising or subscription it appeared an attractive business proposition.

Such a channel would offer the use of tried technology, quickly available to the majority of the population with a transmitter system costing a fraction of that for satellite or cable.

Mr Richard Dunn, managing director of Thames Television, warned the Government that if it fired all the potential "canons of competition" at once British broadcasting would be devastated. "If the Government wants more choice, access for independent producers, high quality, efficiency, competition and diversity, it can have them all but not in equal measure nor all at once," he said.

Southern Britain sets pace in national prosperity

By Philip Stephens, Economics Correspondent

THE growing disparity in wealth and job prospects between the affluent South of England and the UK's more depressed regions during this decade was underscored yesterday by a new batch of official studies.

The studies published by the Central Statistical Office and the Department of Employment, show that on almost any measure of economic performance, the so-called North-South divide has widened during the 1980s.

People in the South have produced more, earned more, spent more and been offered better job opportunities than their counterparts in northern England and in Scotland, Wales and Northern Ireland.

That broad picture, however, does hide some pockets of great affluence in the more depressed regions of the country, and areas of relative poverty in the richer regions.

The general shift in wealth towards the South since the present Government came to power in 1979, is reflected in sharply different patterns of growth of consumer spending.

According to the CSO, spending per head in the South East was, on average, 13 per cent higher than the national average in 1979. By 1986 that figure had jumped to 20 per cent.

The South West of England, which has experienced a sharp rise in its relative prosperity over the past decade, saw a smaller, but still significant rise in its spending.

Mirroring those improvements were falls in relative spending in regions such as Yorkshire and Humberside and the East Midlands, and in Wales, Scotland and Northern Ireland. In the North of England, for example, per capita spending was 94 per cent of the average in 1979 but only 89 per cent in 1986.

The CSO's analysis of output, or gross domestic product, in the regions presents a similar picture, although the shifts are generally smaller.

Output per head in the South-East was 15 per cent above the UK average in 1979 and 16 per cent higher in 1984, the latest year for which detailed figures are available. East Anglia saw its per capita output rise from 96 per cent to 101 per cent of the average.

The decline of traditional industries in Yorkshire and Humberside in the North-East, already under way before 1979, pushed its relative output per person down from 93 per cent to 91 per cent over the same period.

Within that overall trend, however, there are some suprising variations in individual counties. Greater London is by far the richest in terms of output per head (48 per cent above the average in 1984), but it is followed by the oil-rich Grampian region of Scotland (28 per cent above average).

At the other end of the scale, output in counties such as Mid-Glamorgan and East Sussex and in Wales, Durham and North East England was less than four-fifths of the average.

The sharp differences in employment opportunities between the regions were underlined by the Department of Employment's analysis of its 1987 Labour Force Survey.

The survey shows that nearly half of the 1.4m new jobs estimated to have been created in Britain in the four years to June 1987 were in the South East. That reflects, in part, the much larger existing labour force in the region in 1983.

Nonetheless, the South-East, East Anglia and the South West also saw a disproportionate rise in percentage terms - between 8 and 18 per cent against a national average of 6 per cent.

Meanwhile, the number of jobs in Wales and Scotland was almost unchanged.

ICI patents plastic paper for storage of optical information

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW way of storing optical information, called digital paper, has been invented and patented by ICI, the company said in London yesterday.

The substance is an inexpensive plastic film with many of the characteristics of paper, developed by ICI Electronics.

The company said that by the end of the year it will have invested about £100m in research and manufacturing capacity since 1983 to create its new division specialising in electronics.

ICI Electronics said digital paper was expected to open substantial new markets as cheap optical data storage medium.

Company executives said ICI aimed to sell digital paper as a branded product and not as raw material to makers of such data storage products as tapes and discs.

Mr Michael Strelitz, marketing manager, said the company wanted to encourage would-be users to start thinking about the opportunities opened by its digital paper, while the material was still in pilot-scale production.

Mr Strelitz likened alternative data storage media to clay tablets and slates when compared with the new medium.

He said it would store optical information for less than one-third of a penny per million bytes, and would have a life of at least 15 years.

Mr Peter Ashdown, marketing director, said ICI Electronics was looking for what he called polygamous relationships to help open a market for digital paper.

It is collaborating with a small Canadian company called Creo specialising in optical drives to develop terabyte storage systems for computers – systems with the capacity to store 1,000 bn bytes of data.

One prospective application is the storage of information gathered by earth satellites. The US National Aeronautics and Space Administration says the earth will be receiving 2.5 terabytes (million megabytes) of data each day from satellites in the 1990s.

Last month ICI Electronics and a US company, Iomega, announced a joint venture to develop digital paper in cartridge form.

Executives yesterday forecast that many new uses for digital paper would be disclosed later this year. But they expect competition for this kind of material, probably from other large chemical groups, they said.

Scotland's economy 'to grow at UK rate'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

GROWTH this year in the Scottish economy is expected to be closer to that of the UK as a whole than it has been in the past two years, the Government believes.

It expects that output from high-technology industries will continue to grow and that some traditional industries will also do better.

The Government's assessment of Scotland's economic prospects is contained in the latest Scottish Economic Bulletin prepared by the Scottish Office, part of the UK Government.

The bulletin points to the relatively weak performance of the Scottish economy in 1986 and early 1987.

This lagging performance is due at least in part to the damage to the North Sea oil industry which was caused by the collapse of oil prices in 1986.

The bulletin says that Scottish exports appear to have declined in 1986, while the number of people in employment was unchanged in the year to the middle of 1987.

However, the bulletin reports that growth in Scottish manufacturing output may have resumed in the second half of 1987, although it was still rather less buoyant than for the UK as a whole.

Unemployment fell rapidly in the second half of 1987, the bulletin says, while for this year Scotland's economic performance is expected to mirror more closely the performance of the UK as a whole – for which the Treasury is predicting 2.5 per cent growth in overall gross domestic product.

Surveys show business confidence in the UK to be at its highest level for some years.

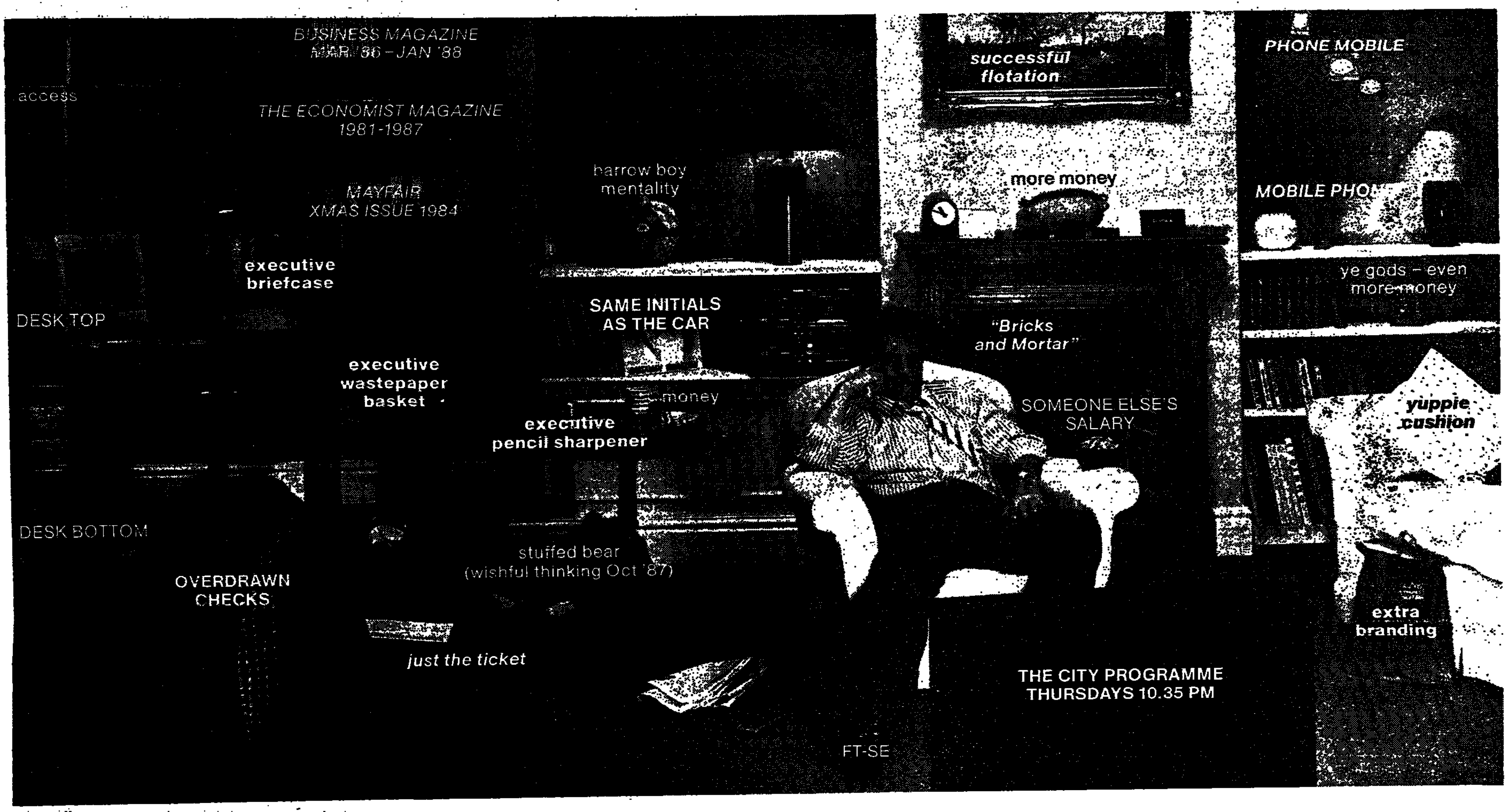
In manufacturing, prospects are assessed as being brighter than they have been for some time. Output in the electronics and other high-technology sectors is expected to continue to grow, with world markets more buoyant than at any time since 1984-85.

The bulletin says that there are signs that industries such as food, pulp and paper, and timber products and printing should increase their levels of both output and investment.

But most of the metal-using and heavier engineering sectors are expected to face weak demand, with the most severe problems in shipbuilding and oil rig fabrication yards.

An increasing number of companies expect to authorise more capital expenditure on plant and machinery in 1988 compared with 1987, mainly to improve productivity but partly to increase overall capacity.

How do you sell to business people when they're relaxing at home?



Take the businessman above. He's clearly a primary target for a lot of companies advertising on TV.

(Like airlines, computer manufacturers, business periodicals etc.)

But the problem is this. When he's watching the TV at home, he's usually trying to forget all about work. He's curled up before a big film – or fast asleep after dinner.

Which is where "The City Programme" comes in. It provides a topical and well-informed perspective on financial markets around the world.

So the business people watching it are going to be in a business-like frame of mind.

And therefore much more receptive to business-linked advertising.

You can talk to Jonathan Shier about this opportunity on 01-387 9494. And improve your TV reception.

TALK TO THAMES AND YOU'RE TALKING TO THE RIGHT PEOPLE

THAMES
TELEVISION

THE OCTOBER CRASH – LETTERS

From Mr Leslie Palmier.

Sir, So now we know. When the fevers of the patients in Wall Street and the City of London broke, their constitutions were robust enough to cope – if only just – with the paroxysms which followed the sudden drop in temperature. All this is very reassuring.

But was it the only question to ask? It is as if a great deal of energy had been expended by the coffee-shops of the day in studying how they had coped with the bursting of the 18th century South Sea Bubble – while ignoring its cause.

Surely the more interesting and important problem is how the patients developed the fever in the first place.("Fever" seems the most appropriate word to describe a state in which incredibly high price-earnings ratios were reached – and were expected to go on rising – accompanied by delusions of "walls of money" falling on London.) When share prices affected relatively few, these matters could have been left to the brokers and market-makers. This is no longer the case now that a much wider public has a vital interest in the stock market.

What is urgently required is a serious study of the 1987 "Bubble," with a view to reducing the severity of future attacks of share fever. Recent tautologous "explanations" that it was all due to excessive enthusiasm are not immediately enlightening. And London does not even have the excuses of "programmed trading" and "market arbitraging".

May one look forward to the Financial Times beginning its second century with the necessary enquiry. conducted "without fear or favour"?

Leslie Palmier,
University of Bath,
Claverton Down,
Bath, Avon

From Mr David Pallant.

Sir, I have been following the correspondence about Barry Riley's article ("Market theory that makes men mad," January 23) with some amusement. Most comment has centred on the idea that there is no coherent explanation for the market crash in October, and - presumably - no explanation for the huge rise in the early months of 1987.

While I cannot claim to have foreseen the extreme depth of the crash, which I thought would be no greater than 200 points or so. the timing was no problem; I informed our clients that the period from October 12 until November 6 would be bearish, due to the very negative ingress of Venus on Saturday 10. (As for the bull market of 1987. I was writing about it in your columns as early as September 1986.)

It must be clearly evident now that the theories of traditional economics are not capable of market prediction, and that they are in fact a self-feeding illusion. Our economics schools would serve their students better if they taught financial astrology and abandoned consideration of such outlandish notions as Efficient Market Theory and "Random Walking."

David Pallant,
Commodity Consultants
26 Waverleigh Road,
Cranleigh, Surrey

From Mr W. Oswald.

Sir, Mr Gerald Metean's letter (January 30) in response to Barry Riley's article (Weekend FT, January 23rd) shows the weakness of efficient market theory – namely that irrationality and the variable amounts of hope, fear, greed, so-called risk-aversion, short-termism (an ailment – your Lex column has noted – now apparently afflicting some UK industrialists) and of course the herd instinct, are not covered.

This is probably the main reason why the Chartists disagree with the theory; they have concentrated their attentions on the manifestations of individual and crowd behaviour which the theorists have neglected.

Last October's market collapses are best seen as the bursting – with an unprecedented speed and universality – of an irrational speculative bubble on Wall Street and elsewhere, helped by modern market instruments, by the global nature of markets now, and probably by the increasing strength of the herd instinct as markets have become more dominated by institutions, whose three-month performance rules of the game add extra large dollops of short-termism and herd instinct.

It was just like a game of musical chairs in which nearly half the chairs were removed as soon as the music stopped. The markets' scope for self-feeding irrational volatility seems to be greater than ever.

W. Oswald,
Fiori,
Solefields Road,
Sevenoaks, Kent

From Mr Thomas O'Connell.

Sir, In his Long View column (Weekend FT, January 23), Barry Riley suggests that financial market theories, developed mainly by US finance academics, are deficient for explaining financial market crashes such as that of October 19 last. In fact, models of financial markets have been developed by US academics that would seem to go some considerable way to explaining phenomena such as the October crash.

The actual path of an asset price can typically be decomposed into its anticipated or expected component (the "fundamentals") and "news," that is, unanticipated occurrences or events. There may be conditions under which speculative bubbles or cumulative divergences from the path warranted by fundamentals may arise. Once a bubble emerges, the actual path of the asset price can be shown to be dependent, *inter alia*, on the probability of a crash (a bursting of the speculative bubble) and its obverse, the probability of a continuation of the bubble.

What can be described as a "rational bubble" emerges: although market participants are aware that the asset price has moved away from its fundamental rate, the bubble may be sustained by new entrants and the belief that the bubble may grow fast enough to provide existing asset holders with a sufficient return.

US economists who have written on this include Professors Blanchard, Flood and Garber, and Dornbusch. It has to be stated, however, that, in their examination of German hyper-inflation, Flood and Garber's statistical analysis rejects the existence of a bubble.

The stock market before October 19 and, arguably, the US dollar in the period through 1985, provide test cases for this framework. Many academics and commentators – including Financial Times columnists – had argued that, in both instances, prices had moved from their fundamental values; it was only a matter of when the crash would occur.

Thomas O'Connell,
6 Dollymount Avenue,
Clontarf,
Dublin 3,
Republic of Ireland

From Mr Neil Ostrom.

Sir, Now that the blizzard of comment on last October's market fall is subsiding, some conclusions are possible.

It seems clear that if all the people who agonise about not anticipating the crash had in fact done so, then the result would have been the same, if not worse. The fact of the matter is that if enough investors in London, or in any other market, simultaneously had the subliminal feeling in October that they were on the edge of living dangerously then it is hardly surprising, given the signal from America, that they rushed for the door as a group.

What is now required is an end to post mortems and a beginning to an appraisal of how current group behaviour and attitudes can influence the market.

If, as investors, we allow ourselves to wallow in a slough of post-bereavement depression and guilt, then the chances are – whatever crumbs of good news come our way – that we shall prolong the present lack-lustre market. This does not in any way mean that a simultaneous will to "accentuate the positive" is going to result in a return to pre-October levels. But – once bitten twice shy – most of us might not want that anyway.

It is also a mistake, in my view, to attempt to look for precedents. There are none. We are into new waters and it is unproductive to think otherwise. Looking at fundamentals, most of the hopes for corporate expansion, higher dividends and so on, which were expressed last year, have been more than fulfilled. That is behind us.

Why do we listen more attentively to the doom watch brigade rather than to more balanced voices, when we know that the loudest cries of pessimism come from those who protest vociferously how clever they were before the event?

I am reminded of the Englishman who found himself, while holidaying in France, in a small village. Queueing to use the lavatory facilities, his turn approached slowly and, noticing his anxiety, the man behind uttered words of comfort: "Courage, Monsieur, j'entends le papier." With open ears we too will hear – but it is only paper talking.

Neil Ostrom,
Priestfield,
Watts Lane,
Chislehurst, Kent

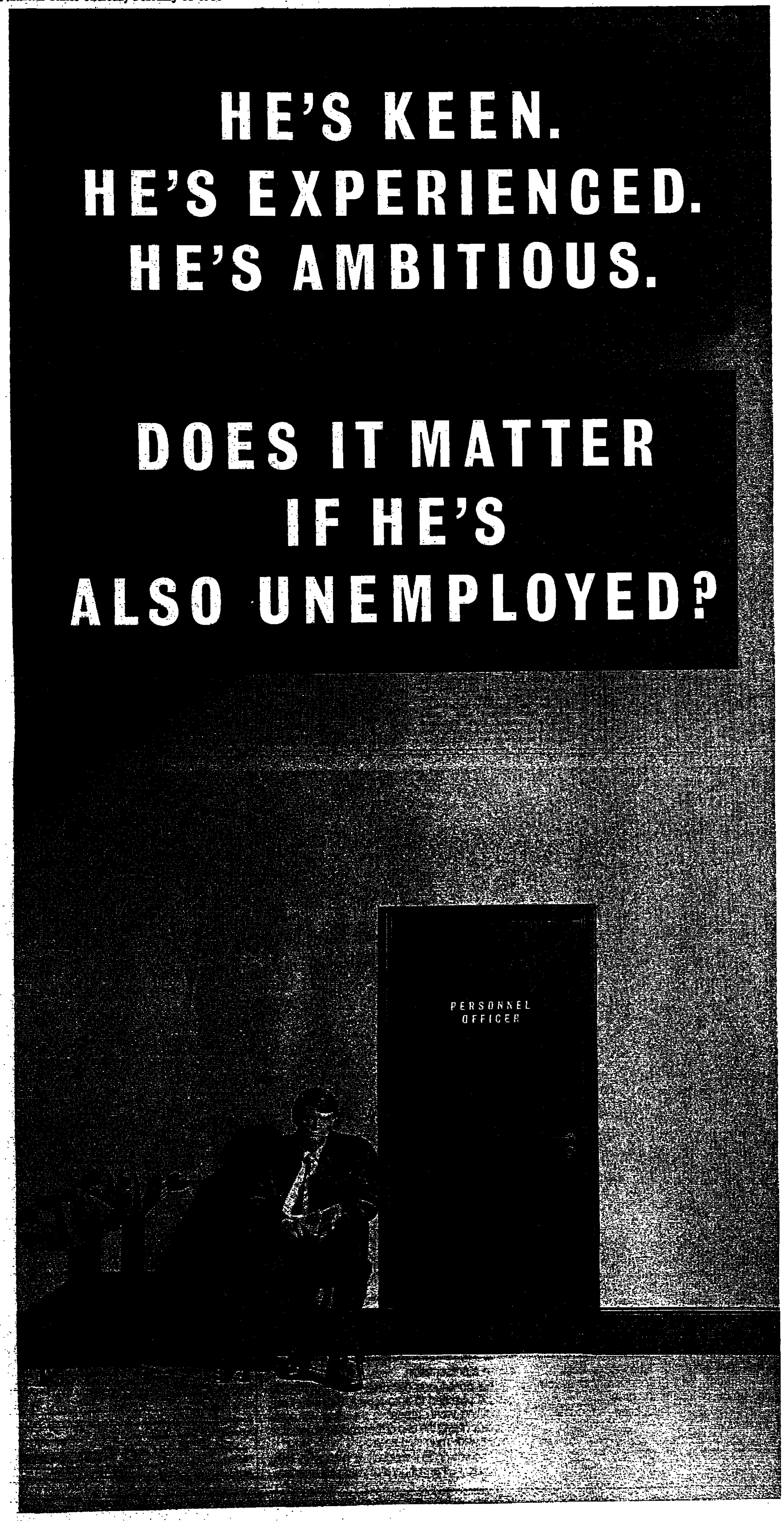
From Mr John Golding.

Sir, Mr John Somers (Letters, January 30) may be interested to know that a technical analyst in fact did "predict" the bear market which was brought to general attention on October 19.

According to the "Dow Theory", first promulgated more than 80 years ago, a bear market was clearly indicated on October 9 in the Dow Jones 30-share index. This was confirmed by the Transport index on October 15.

May I point out that the "Random Walk" theory may be correct, but trend-following methods (one of the four tools in the technical analyst's kit) are entirely compatible with it.

John Golding,
PTG Ltd,
71 Breech Lane,
Tadworth, Kent



To some employers, it seems to matter very much indeed.

Because if a person has been out of work for 6 months or more, evidence shows they stand less chance of getting a job than almost anyone else.

Even at a time when unemployment is falling.

Perhaps this is because some people still have some rather old fashioned ideas about the longer term unemployed.

Perhaps, for example, they don't realise that almost half of them are 35 or under.

Or that 25% already have the sort of qualifications employers are looking for.

Or that most have stable family lives they simply want to improve.

Or that 90% of unemployed people have already had jobs, and have a solid base of experience for employers to build on through training.

But now that you know the real story, perhaps you'll give the unemployed a fair chance.

A chance to show what they can do.

So next time you have a vacancy, call your local Jobcentre.

We'll send you someone you'll be glad to take on.

Even though they are unemployed.

THE EMPLOYMENT SERVICE.

DEPARTMENT OF EMPLOYMENT

There's a job to be done.

MANAGEMENT: Marketing and Advertising

AT FIRST glance the logic for any company of wilfully withdrawing from a profitable business which contributes almost half of its turnover and absorbs two fifths of its production capacity is difficult to see.

Yet that is exactly what Jaeger, the UK manufacturer and retailer of classic women's wear within the Coats Viyella textiles group, has done by pulling out of wholesaling in the UK. This spring will be the first fashion season in which the Jaeger women's collection will be available to consumers solely from its own shops.

The logic for Jaeger of such a move lies solely in marketing. For decades, Jaeger – which is also involved with men's wear through a separate company – has manufactured two women's wear collections: one for its own retailing outlets in the UK, US and Europe: the other for its wholesale customers all over the world except in the US.

Both collections were manufactured by the same units – five knitwear and five tailoring factories in England and Scotland – and both were promoted under the aegis of the same advertising campaign.

Ostensibly this strategy was successful. Jaeger has long been established as a profitable business which filled a clearly defined gap in the market for well made, classic clothing for affluent middle-aged women.

Its retailing interests encompassed more than 100 shops and shops-within-shops in the UK; while its wholesaling business serviced a wide range of multiple and independent retailers.

The wholesaling business was less profitable than Jaeger's retailing activities, but nevertheless made a useful contribution to group profits. Thus on financial grounds it was a sound concern.

Yet the problem with Jaeger's wholesaling lay not in its financial performance, but in its effect on

Fashion

A tactical withdrawal

Jaeger has re-focused its retailing strategy. Alice Rawsthorn explains why

the positioning of Jaeger as a brand.

In order to prevent the sales of one collection from cannibalising those of the other, the wholesale and retail collections have been directed towards slightly different markets. The former has been designed for a conservative customer of 55 years old or more, while the retail range is devised for younger women from 45 and up.

One difficulty for Jaeger was that, because of its duty to support its wholesale customers, its advertising had to reflect both collections. Thus it could not position its more profitable retail collection quite so clearly as it would have wished.

Second, the company could not control the way in which items from its wholesale range was put together and presented by its customers. Individual retailers made their own selection from each season's collection. The merchandise would be chosen according to the gaps in their own ranges, not to present a co-ordinated Jaeger "look".

When Sheila Reiter arrived at Jaeger from Debenhams, within the Burton Group, as managing director of women's wear just over a year ago, she realised that the company was in danger of allowing the dowdy image of its wholesale collection to dominate public perceptions of Jaeger as a brand.

"We seemed to be rattling along very cosily," she says. "But in fact we were sliding down a dangerous slope. Jaeger had a wonderful name for quality, but was perceived as rather dull. To the 35 and 40-year-olds who would become new customers, Jaeger exemplified the kind of clothes that 'mother wore'."

A parallel problem was posed by the changes within the retail chain's core consumer market. The 40 and 45-year-old women who should become Jaeger's key customers in the next few years are more discerning in their attitude to fashion than their predecessors.

Moreover, many of Jaeger's fellow middle market fashion groups had been revitalising their marketing strategies. Windsmoor, for example, is shedding its rather "mumsy" image to present a more contemporary look for what James Green, its marketing director, calls "the smart 35-year-old woman". This spring Windsmoor will venture further into Jaeger territory by diversifying into retailing.

Similarly Mansfield embarked upon an extravagant advertising campaign last autumn , devised as a pastiche of the work of Gustav Klimt, the Austrian artist. Aquascutumn, Alexon and Jacques Vert are also gaining momentum; as are the West German manufacturers – such as Escada, Laurel and Mondi – which have made such inroads into the British market over recent years.

Jaeger, as Reiter saw it, could no longer afford not to present a crisp, coherent image to its customers.

Almost two years ago the company pruned its wholesaling activities by reducing the number of outlets from 600 to just over 320. But the marketing problem persisted. Withdrawal from wholesaling looked like the only solution.

Yet in doing so Jaeger would not only run the risk of losing almost half its turnover and rather less of its profits, but of creating a problem of under-capacity at its factories. The wholesale range absorbed 40 per cent of production; if the company withdrew from that sector it would have to find ways of filling surplus capacity.

Nevertheless, Jaeger decided to go ahead. Last April the Coats Viyella board approved the decision to withdraw from wholesaling. The company then informed its wholesale customers; and the last wholesale collection went into the shops in the autumn.

Having effected its withdrawal, Jaeger has embarked upon a dual strategy for retailing. First, it decided to expand this range. It has added evening wear and leisure wear to the established collection and has introduced more luxurious garments in silk and cashmere.

To reinforce this new merchandising policy, Jaeger has redirected its advertising to present a more youthful image. It is also refurbishing the shops. This remodelling programme should be completed by the end of the year.

In order to compensate for the shortfall in production capacity, Jaeger has opened new shops both in the UK and overseas. Within the UK it has increased the number of outlets from 100 to almost 160 over the past few months. In the US it plans to double the size of its chain of 75 or so by the end of the year. In the longer term it envisages expansion elsewhere in Europe.

As a result, Jaeger hopes to minimise the impact on its manufacturing capacity. If this strategy works, the combination of retail sales growth and new shops should ensure a modest rise in profits and slight fall in sales this year, to be followed by an increase in both profits and sales next year.

The autumn sales figures were promising. But, as Reiter accepts, this new spring season will be crucial in determining whether Jaeger's gamble has paid off.

Fashion from Jaeger's spring collection, on sale in the chain's shops, including the revamped flagship store (right) in Regent Street, London

Well-being from wool

TODAY JAEGER is a business involved with men's and women's wear in the US and Europe, but it is rooted in the late 19th century and in the writings of Dr Gustav Jaeger, an anthropologist and a proponent of the virtues of wool.

Jaeger was convinced that the wearing of wool was vital for man's well-being. Cotton, linen and silk, he believed, poisoned the body and fouled the air, whereas wool was a therapeutic fibre. Having "cured" himself of a lengthy illness by adopting a regime of woollen clothing, Jaeger propounded his theories in a book entitled Health Culture.

One of his followers – Lewis Tomalin – was so enthused by these theories that he not only translated the book into English but opened a shop in London to sell the woollen tunics, ponchos and sheets that were recognised as "Jaegerian" clothing.

The shop was a success. It acquired a fashionable following and was patronised by prominent figures such as the writers Oscar Wilde and George Bernard Shaw. Within a few years it had spawned a chain of shops and a mail order business.

From the 1920s Jaeger, then controlled by Tomalin's son, dropped its Messianical overtones and became a more general clothing concern. In the 1960s the business was sold to Coats Patons, the Scottish textiles company. Two years ago Coats Patons merged with Vantona Viyella to form Coats Viyella, the largest textile group in Europe.

Having designs on British industry

The Design Council's new director talks to Feona McEwan

ONE OF the first moves Ivor Owen made when he assumed the hot seat of Britain's government-backed Design Council was to invite staff to criticise the organisation.

"I'm encouraging everyone to send in their views, no holds barred and no sacred cows. There are no limits to how radical their thoughts can be," he says.

Such talk is perhaps provocative in an organisation that has had a sticky ride in recent years. Despite its highly successful consultancy scheme to marry industry and designers and its progressive and far-reaching education programme, it has collected many brickbats and not enough bouquets.

Owen comes to the council as the first industrialist ever to hold the post of director. Previously, he had run the lighting and domestic appliance division of Thorn EMI until his resignation in March over policy disagreements. His new role is a five-year appointment with an option to stay on for a further three.

Owen, 57, is by training a design engineer. This is seen by many observers as a good omen, since it represents the twin disciplines of industry and design to which the council addresses itself. A no-nonsense Liverpudlian, he has been through the school of hard knocks, by way of turbine engines, ball bearings, machine tools, computing systems and commercial appliances.

Now in his fifth week ("I always reckon about six weeks before things start to fall into place"), the new director is still on the receiving end of action – "listening, talking and learning." He is circumspect about any plans for change and early signs are that he means business. The council, he recognises, "doesn't have the reputation it ought to have inside and outside its walls. But there is a huge well of goodwill."

Owen is clearly highly critical of Canute-like attitudes in British industry and is uncompromisingly candid about productivity or shoddy work practices, or the quality of the environment. Set against the quality of shop fittings in a rural French boulangerie or a streamlined efficiency of a South Korean factory – "where the Japanese are now going to observe best practice" – or the devastating competence of the Japanese, he finds British industry's lack of understanding of design issues quite baffling.

His view of design in its widest sense is hard-nosed and unsentimental, though spoken with passion of someone with 30 years at the sharp end of British industry and a first hand experience of industry internationally.

After one tour of Japanese microwave cooker factories he admits he felt like weeping. "The good standard of engineering was familiar to me but they were so efficient, took a long term view, were adequately manned. They had it down to a perfect art, a level of competence we don't much see in the UK."

He believes that "you can't design products which have to be of high quality and are innovative unless you make them in environments of equally high standard, so the equipment and manufacturing technology must be the best in the world, though not necessarily the most expensive."

Also, "the environment, the way people are dressed, the graphics of a company, the way the telephone is answered, these all need to be looked at." Education of senior management is crucial, Owen believes, a role the Design Council is likely to continue pursuing.

He is concerned at every level about the shoddiness of performance. "If you believe in quality and competitive performance and all those things, you get angry walking to the end of the Haymarket," he says. He rails at the flower bins on the street near his office brimming with litter, to the tube station where the escalator hasn't worked for months. Or the tacky sandwich bar alongside. "Can you imagine that on the French metro, can you imagine it? "

Just what the Council can do to gee up industry remains to be seen. All Owen will say is that he knows objectives have to be focused and limited to achieve results quickly. The present task is to identify the industries, given that so many have "beaten a retreat".

Medea in Boston

Andrew Porter

Like Beethoven, Brahms, Puccini and Max Loppert, I greatly admire Cherubini's *Médée*. For nearly 30 years – since Maria Callas sang Medea at Covent Garden – this page has been recording various productions of the noble and exciting but difficult opera. The title role calls, in Chorley's phrases, for a clarion of exceptional compass, a frame of adamant and gold, Pasta's grandeur and bearing, and stamina throughout a long evening during which Medea (except for the moment when, obedient to Horatian precept, she goes off to kill her children) remains ever onstage.

Moreover, the opera is composed in French, which few international stars command, and alternates between long musical numbers and scenes in spoken heroic verse. Franz Lachner composed German sung recitatives in 1855, and these – translated into Italian – are what we usually hear. Arthur Jacobs has provided a blank-verse English alternative, but international houses seem to shun translation unless it be from one foreign language into yet another (*Medea*, *Vespri*, *Don Carlo*).

Sarah Caldwell's Opera Company of Boston is ever adventurous. One went to Boston to hear *Norma* with Wagner's insert aria for Oroveso; the first staging of *Don Carlos* as Verdi originally conceived it; *Rigoletto* with Maddalena's aria; Roger Sessions's *Montezuma*. In Boston one is never bored. For *Médée*, Miss Caldwell came up with an extraordinary presentation in which the spoken scenes were delivered in Ancient Greek (tape-recorded by Athenian actors) while onstage another troupe of Greek actors, masked and buskinned, mimed them to music (also on tape) by Michalis Christodoulides for an ensemble that included both Ancient Greek instruments and electronics.

Had the Medea been dull one might have welcomed the diversions, which were well executed. But she was Josephine Barstow, the most electric of contemporary sopranos, and therefore one resented each moment when the lights faded on her to come up on the masked Aspasia Kralli, eloquent though her mime was. The great role, shared, was diminished. London must hear Barstow's Medea as soon as possible. It is a rivetting performance. And Miss Caldwell should revive the show next season, but in English (for Barstow's spoken French – in the second-act finale, where Cherubini calls for a few phrases – was ferocious franglais), with Drydenesque heroic couplets replacing the tape-recorded Greek. In many other ways, this was the *Médée* one has longed for decades to hear.

Cherubini's score was uncut. A first act that lasted over an hour seemed to pass in a flash. The proportions were preserved. The strength, the interest, and the beauty of the music blazed. Caldwell may not have the easy baton competence of an Ozawa or a Mehta but he is a musician ten times, a hundred times, more inspired – one who leads listeners to the heart of a work. Classical sets by the sculpture Jon Gardella were beautiful; so were George Ziakas's costumes. Jon Vickers had pulled out of Jason; Joseph Evans sang the role cleanly, fully, and truly, though his pleasant features covered a range only from blankness to mild worry. Markella Hatziano, the Neris, is a young Greek contralto, with wonderful sounds in her voice, who seems destined for a big career.

Caldwell's next productions are of *The Threepenny Opera*, Shchedrin's *Dead Souls* (with Soviet and American artists mingled, part of a huge Soviet-music festival in Boston next month), and *La Traviata* – no doubt in the unfamiliar 1853 version. The company is housed in a very handsome, 2800-seat theatre by Thomas Lamb (1928), in not his Babylonian but his most opulent French manner. It's as theatrical a place as the Coliseum.

Josephine Barstow as Medea

Arts Council's role in the Inner Cities

The Arts Council yesterday announced its contribution to the growing debate on how the arts can play its part in the regeneration of decaying city centres. With little cash to offer the Council is mainly hoping to launch a propaganda drive, alerting commercial developers to the positive financial benefits that follow from incorporating an arts centre, or a commissioned sculpture, in any redevelopment programme.

To some extent this new initiative comes after certain cities, notably Glasgow and Bradford, have proved that by reviving the arts they can raise the morale of their cities and attract in new employers.

Exhibitions in Paris/William Packer

Great painters put in perspective

By a nice coincidence two major exhibitions have opened in Paris with each addressing itself to one of the great artists of modern times. It would be a mistake to make too much of it since the circumstances in each case are rather different, but both artists were working in Paris and in touch with their peers, and both of them had reached a particular turning point some five years into their careers. They were but 20 years apart: the one a young man of 25 with over 60 years ahead of him, the other already 33 with only another four years to live.

Van Gogh à Paris is at the Musée d'Orsay (until May 15: closed on Mondays – sponsored by the Credit Agricole Mutuel d'Ile de France). And at the Musée Picasso, "Les Demoiselles d'Avignon" (until April 18, then on to Barcelona: closed on Tuesdays: sponsored by IBM) brings this extraordinary painting to Europe for the first time in 20 years, and in all likelihood the last.

The story of van Gogh's brief and tragic life is familiar enough, but it never ceases to astonish in its awfulness and brilliance. But the circumstances of the life are so disturbing that there remains the danger of taking the work too much for granted. Any exhibition, therefore, that brings us back directly and unsentimentally to the work itself, and puts it into a proper working context, is salutary.

For the point is that, manifestly ill and disturbed as he was, van Gogh was no freak, and his work no arbitrary visitation. He was closely engaged with the work of his contemporaries, responding directly to it and, for all his personal lack of success in living by his work, contributed in his own right to the currency of the most advanced art of the day. By setting his work directly alongside that of his peers, who so often worked upon the same motifs and whose interests he shared, this exhibition in no sense makes his work less radical, but rather has the curious and exciting effect of radicalising the others.

Van Gogh arrived in Paris in March 1886, where he joined his brother Theo in Montmartre, who was already intimate with the circle of the impressionists with works by Renoir, Sisley, Monet and Pissarro passing through his hands. He would stay and work in Paris for most of the next two years. He had been working in Holland and Belgium under the immediate influence of the painters of the Hague School, with their direct handling, rich impasto and dark, close tonality. Almost immediately on reaching Paris, both his palette and his touch lighten markedly, as the characteristic dabs and flecks become more evident in place of the fuller, fatter strokes of the more loaded brush. The colour is cleaner, fresher, working its effects less by mixture than by juxtaposition and optical relation. The mood is of optimism and freshness, rapid personal development and technical excitement.

"L'Italienne: la Segatori?" by van Gogh

But the comparisons make the point, for though all artists inevitably declare themselves by their individual hands and van Gogh's particular mannerisms and exaggerations are clear enough, he is far from being alone. The work of other artists supplies half the show, and while the pointillism of Seurat and Signac may already be declared, others such as Sisley, Monet, Renoir and Pissarro are suddenly revealed as unexpected fellow travellers. This is not to say there was any policy afoot, but only an instinctive, unconscious sympathy and common purpose. There are wonderful paintings and drawings from all these artists, and others, with Lautrec in particular re-emerging as a major figure again after a period somewhat in eclipse, and Emile Bernard less on margin than we might have supposed.

*

"Les Demoiselles d'Avignon" is a large canvas, some 8 feet square, on which the young Picasso was working through the months of June and July of 1907. It is generally held to be one of the key works of Modernism – the one work above all others that turned over the old century to the new. It is freely worked, and for all its familiarity still most striking in its imagery: but yet, though the term "unfinished" is largely meaningless in relation to so much of modern art, there remains about it a strong sense of the unresolved and inconclusive, a work left off and laid aside.

Thus it remained in Picasso's studio untouched over many years, a curious lowering presence in the background of several photographs, before it was at last rolled up. It was bought by the couturier, Jacques Doucet in 1921, whose widow sold to a dealer in New York in 1937. Finally it was acquired by the Museum of Modern Art, New York, in 1939.

For Picasso, whose habit was always to keep many of his most important works to himself, this long interval and the "unfinished" state are unsurprising, especially in the light of his own remark that "Les Demoiselles" represented for him a kind of exorcism. The clear inference is that it was the doing of it, the act of realising the image rather than its completion, that was for him the main point of the exercise.

But it was a project that was a long time in the working out, having its particular roots in ideas that had engaged him a full year before. Indeed, it grew naturally out of much of the generality of his earlier work – the clowns, the circus and family groups. A mass of this preparatory, exploratory and comparative material is here brought together, in drawings, sketchbooks and studies on canvas that are as fascinating as they are seductive.

Even more to the point it demonstrates that, radical as he was, Picasso was not isolated in his preoccupation and was certainly no iconoclast. For here are the works of his great contemporaries – Matisse, Derain for example – engaged at that time upon the nude and groups of figures. Here too are sources farther into the past, from Cezanne's bathers of the 1870s and Ingre's "Turkish Bath" of the 1860s to El Greco's "Vision of St John." Sculptural precedents are also set out: the African tribal masks, the strange Oceanic primitivism of Gauguin's "Oviri," and the anonymous sculpture of the pre-Christian Spanish past. "Les Demoiselles d'Avignon" loses nothing of its stature by being thus put in its place.

The Century of Picasso, and Contemporary Art/Madrid

Mary Rose Beaumont

Madrid has just played host to ARCO 88, the International Contemporary Art Fair, now in its seventh year. Europe, North and South America and the Far East were represented by the 166 participating galleries, of which nearly half, as was to be expected, were Spanish. Great Britain's team was the Anthony Reynolds Gallery, the Lisson Gallery and Annely Juda Fine Art. A number of concurrent activities had been planned, one of which was optimistically entitled *Madrid in the Avant-Garde*, which included music, dance and theatre, as well as the visual arts. On the evidence of ARCO it was the Old Guard who won the day, artists such as Tapies and Chillida, both in their 60s, now working better than ever.

The Centro de Arte Reina Sofia is showing *The Century of Picasso*, an exhibition which demonstrates the richness and fecundity of Spanish painting and sculpture from Picasso and his contemporaries to the present day. As an exhibition centre the Reina Sofia is unparallelled in Madrid. Originally built as a hospital in the 17th century, it was declared a historic monument in 1969 and eventually bought by the Ministry of Culture with the intention of converting it into a space to host temporary exhibitions. By the end of this year, however, it will be housing part of the permanent collection from the Museum of Contemporary Art. The aura of monasticism generated by the ogival arches and great white uncluttered spaces is an ideal setting for modern art.

The star of the occasion is of course Picasso, who starts the ball rolling with half a dozen matchless Cubist paintings. One might be tempted to declare "No Contest" were it not for his slightly younger contemporaries, Miro and Gris. The sober geometries of Gris' paintings are counterpoints to Miro's surrealist fantasies, epitomised by the endearing dottiness of "Dog barking at the Moon," 1926. Dali gets in on the act in the 1930s with his high-gloss, psycho-sexual picture-dramas.

Two sculptors still underrated outside Spain are Pablo Gargallo and Julio Gonzalez. Gargallo's heads in cut-out metal are marvels of economy, particularly his "Greta Garbo," whose persona is encapsulated by lips, nose and one eye ramed by a sinuous lock of hair. Gonzalez' reputation is generally thought to rest on the fact that he taught Picasso to work in constructed metal, but he is a considerable sculptor in his own right.

A darker mood overshadows the work of the war years, quite literally with Miro's lurid, flickering "Still Life with an old Shoe," 1937, and Picasso's many studies for "Guernica," all expressions of anguish at the horrors of the Spanish Civil War, culminating in Picasso's savage series of etchings, "The Dream and Lie of Franco." The sense of outrage is reinforced by the knowledge that "Guernica" itself is on view in its own special wing of the Prado half a mile away. Unlike his fellow-Spaniards, Picasso spent the years of the Second World War in France, experiencing the distress of living in an occupied country, although appropriately the painting shown here is a patriotic "Monument to the Spaniards who died for France," 1946-7.

During the 1950s young Spanish painters became aware of Tachisme in France and Abstract Expressionism in America, which is almost slavishly reflected in their work during the next two decades. By the 1980s Chillida's sculptures and Tapies' paintings and constructions incontestably stand clear of their contemporaries by the sheer force of their imagination and power of execution. The exhibition ends on an upbeat note with a roomful of late Picassos which show him, even in his tenth decade, leading the field. (Until March 13).

The programme at ARCO included a Symposium on "Europe-America: Contemporary Art" which lasted for five days with contributions from distinguished panels of speakers. The visual manifestation of American art in Europe was a minimal exhibition of only five works by Carl André at the Palacio de Cristal in the Retiro Park. All were permutations of flat metal plates – squares, rectangles or paths of steel – one like a drugget traversing the whole length of the building. If it sounds like a low-key event, it was transformed into a magical happening by the sun glittering through the glass, lighting up the rusted or burnished metal squares to the point where they glowed like banked fires. (Until May).

Arts guide

February 12-18

Exhibitions

LONDON

Tate Gallery. Douglas Cooper – The Masters of Cubism. A small but choice selection of 81 works on paper from Cooper's collection of cubist art of all kinds but principally of the work of the great quartet of Picasso, Braque, Gris and Leger. Ends April 4.

Tate Gallery. Young Turner: Early Work Until 1800. The latest in the continuing series of small temporary exhibitions in the Clore Gallery devoted to the many aspects of the vast number of water colours and drawings in the Turner bequest. Ends March 20.

Hayward Gallery. Lucian Freud – a full retrospective exhibition of the work over more than 40 years of Britain's leading objective painter of the human figure, clothed and naked, and of the human head. Ends April 17.

Hayward Gallery. Roger Fenton – A full study of the work of one of the pioneers in British photography across a range of subjects – figures, landscape, architecture, travel, war. Ends April 17.

National Gallery. Noble and Patriotic – Sir George Beaumont promised in 1824 is a small but delightful show – Canaletto, Rembrandt, Constable, Rubens and the rest. Ends May 3.

PARIS

Zurbaran. From New York, an exhibition of 72 paintings retraces the artistic development of one of the great masters of the Spanish Golden Age. Influenced at first by Caravaggio's chiaroscuro technique, Francisco Zurbaran progressively abandons the strongly-contrasted rich colours for a softer palette with near monochromes. Grand Palais. (42560924). Ends April 11.

Grand Palais. An important Degas retrospective of 275 works covers 60 years of the artist's career from his student beginnings in Italy to the rich maturity of his last years. His favourite themes of ballet dancers – there are the two versions of La Classe de Danse – and of jockeys and race courses, of washerwomen, milliners and bathers show the diversity of his inspiration echoed by the variety of his modes of expression. (42 56 09 24). Ends May 16.

WEST GERMANY

Munich, Villa Stuck. Pablo Picasso exhibition (on loan from the Hanover Sprengel Museum) displays around 300 paintings, drawings, graphic art prints from the artist's complete artistic range, spanning cubism, classicism, and surrealism, as well as Picasso's later work. Prinzregentenstr 1. Ends Feb 28.

Stuttgart, Galerie der Stadt. Max Ackermann (1887-1975). The 100th anniversary of his birth commemorated by a comprehensive retrospective with 80 pictures from the main periods of his working life. Schossplatz 2. Ends Feb 21.

SPAIN

Murcia. The Romantic Tradition in Contemporary British Painting proposes that a parallel development to Modernism has embraced most major British artists since William Blake and that it is as alive today as 150 years ago. This is the first exhibition to undertake such a re-examination and the first group exhibition of contemporary British painting to tour Spain. It features 10 artists and 36 works from private and public collections, some being shown for the first time. The Romantics established a spiritual-landscape tradition which proved to be indigenous and an enduring influence in the century to follow. This lineage can clearly be traced from the 19th century through Nash, Sutherland, neo-romanticism, Moore, Bacon and British abstraction of the 1950s to the artists represented in this exhibition. Sala de Exposiciones. Ends March 3. Circulo de Bellas Artes, Madrid. March 10 to April 17.

SWITZERLAND

Geneva. Alberto Giacometti drawings and rare prints. Galérie Jacques Benador, 7 rue de l'Hotel-de-Ville. (21 61 36). Ends March 26.

WASHINGTON

National Gallery. A centenary retrospective of Georgia O'Keeffe includes 115 oil paintings and drawings, among them rarely seen examples from her familiar New Mexico landscapes, exotic flowers and still lifes. Ends Feb 21.

CHICAGO

Art Institute. More than 80 drawings of early 19th-century architect Friedrich Weinbrenner show his influence in rebuilding Karlsrühe and Baden Baden as well as doing numerous commissions for German royalty. Ends Feb 28.

TOKYO

National Museum, Ueno. Preliminary Paintings for Edo Castle. Recently discovered watercolours and working drawings by artists of the Kano School for a major remodelling in the 1830s or 1840s of the shogun's castle, where beautiful paintings decorated the sliding paper doors and ceilings. The idealised landscapes flow effortlessly from panel to panel, with an abundance of seasonal flowers, birds and animals. Of particular interest are the sketches for the Pine Corridor, setting for one of the more violent incidents in Japanese history (portrayed in countless plays, films and soap operas), but here revealed for the first time as an idyllic riverside scene replete with swooping birds. Sadly, the charming picture of a baby dragon toying with a length of blue ribbon like a playful puppy was not used to adorn the walls of a nursery. Ends March 21.

Seibu Gallery (Seibu Department Store) Ikebukero. Drawings, photographs and videos by Christo. Of special interest are the designs for a project that could be realised later this year – the simultaneous erection of thousands of octagonal umbrellas in the US and Japan: yellow to blend in with the desert landscape of California, and dark blue to merge with the lush greenery of a valley in central Japan. Ends Feb 16.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba. Prints by Munakata Shiko; pottery by Kawai Kanjiro. A special exhibition featuring works by two of the leading Japanese artists of the 20th century. Munakata's prints are dynamic and vertiginous (possibly because he was near-sighted from his youth onwards); while Kawai's distinctive style favours brightly coloured glazes. Don't miss the superb standing collection of crafts from all over Japan, housed in a replica of an old farmhouse building which is in perfect harmony with the unselfconscious beauty of the objects.

Tobacco and Salt Museum, Shibuya. Beauties of Edo. The highlights of this exhibition are the woodblock prints by Utamaro, the great master of female portraiture, whose scenes of the licensed quarters have great wit and elegance. Ends Feb 28.

A Place with the Pigs/Cottesloe

Michael Coveney

Athol Fugard's new play, directed by the author in the National Theatre's Cottesloe auditorium, opens to the strains of the Soviet anthem with a fine, random *obbligato* for grunting pigs. Not exactly what we've come to expect in the subsidised theatre, although I can think of a few rasher (sic) commentators who would beg to differ.

In fact, this is not some swinish Orwellian parable, grinding organs and bacons into the ground. It is a play about how a man who has abjured the society of other men sticks his pigs and renews his membership of the human race. Fugard takes as his text "the true story of Pavel Navrotsky, a deserter from the Soviet Army in the Second World War, who spent 41 years hiding in a pigsty."

The play is sub-titled "a personal parable," and Fugard has gone on the record with how it reflects his own protracted battle against alcoholism. Most of his South African characters assert their humanity in spite of obstacles constructed by a political system. But Pavel journeys to the dark centre of his own soul, acknowledges his cowardice and his guilt, rediscovers the beauties of the landscape on a walk of starlit subterfuge, dressed in one of his wife's housecoats, and finds that pigs delight not him.

His wife Praskovya is both cover and companion. The action in four scenes (played without an interval) intersects his physical and psychological condition at ten-yearly intervals. In the first scene, he has chosen to come clean at a victory anniversary parade in the village. But having started off on a Proustian memory train while fondling a pair of slippers his mother made, and having reaffirmed that it was a simple homing instinct that smothered his patriotic duty, he stays put while Praskovya decamps to play the wailing widow and collect his decoration.

Ten years on he is chasing a butterfly and assaulting the pig who swallows it. This episode leads to a rather embarrassing symbolic interlude about a bleeding soul which suggests that Hell is other porkers and Home is where you hack your hog. Jim Broadbent negotiates such stuff with some skill, transforming the deserter's fear of the penalty kicks into trembling, credible and very touching expressions of awakening sensibility. He also swings regularly between bursts of defiant rage and humorous tenderness.

When Barry Collins wrote *Justice* about the Russian officer who survived a long period of incarceration by turning to cannibalism, it was the power of condensed testimony that gave rise to unbearable drama. Fugard's way is harder, but also softer. You catch yourself wondering why it has taken Pavel 30 years to wax ecstatic about Mother Earth, or what might happen if a neighbour unexpectedly dropped by while the couple were up to their necks in muck and pellets.

You sense the playwright toying with these farcical possibilities, and certainly Mr Broadbent and the excellent Linda Bassett as the scrubbed and astonishingly amenable spouse look set to explode in high comedy. Instead, Pavel descends once more to the mire, embraces the Brechtian butcher, and Jim Broadbent suggests with some force that he might be ready soon for either Ben Gunn or Timon of Athens, possibly both.

Mr Fugard's direction is enhanced by Douglas Heap's fine pig pen and hovel that opens out under the night sky, skilfully illumined by Paul Pyant.

Alastair Muir

Linda Bassett and Jim Broadbent

Sacher/Festival Hall

Richard Fairman

As conductor, archivist of important musical manuscripts and patron of contemporary composers, Paul Sacher has had a three-fold influence over the progress of 20th century music. It is some six decades now since he first came to prominence, but in neither physique nor bearing does he begin to look anything like his 81 years; and, to judge from Tuesday's concert with the Philharmonia, he is as firm and decisive as ever in his music-making.

There was a distinct authority in his Haydn (an undemonstrative and neatly-sprung account of the Symphony No 78) no less than in the 20th century works, for which he can claim to have been the instigator. Of these, the most famous is probably the *Music for Strings, Percussion and Celesta* by Bartók – given its first performance by Sacher in 1926 and unfolded in this concert in a style that was impressively lucid and articulate.

The dynamics were never taken to extremes (no inaudible *pianissimo* at the beginning); and there was a welcome lack of histrionic gestures. Everything, in short, was in due proportion. It was only a shame that the playing of the hard-working Philharmonia should be so unpredictable, as the kind of performance Sacher wants to give really depends on an exemplary response from an immaculate, high-class orchestral machine.

In the two concertos, however, he had precisely that from his soloist, Anne-Sophie Mutter. The Stravinsky was perhaps the more fascinating, for it paired a noted Stravinsky specialist and contemporary with a violinist whose cool, detached style might be thought ideal for the music: a lithe and pointed grace about the rhythms denoted much careful appreciation of the proper style and Mutter added a characteristic warmth to the slow movement.

Yet the Mozart A Major K219, according to this artist's customary manner, was no less fine. To watch her in this Adagio, drawing her bow across the strings so slowly and yet holding the pressure and intonation without a momentary waver of any kind at all, was to witness a technician at the peak of her powers. At the very least, there are very few violinists with the control or composure to dare try it.

Saleroom/Antony Thorncroft

Quality sells

The antiques business is all over the place at the moment. In theory it should be facing a depressing year. The relative decline in the buying power of the dollar, taken with the Wall Street crash, must inhibit the buying power of the Americans, and for most major British dealers trans-Atlantic purchases usually account for around half of their turnover.

Yet in practice the auctions, where dealers acquire much of their stock, are going better than might have been expected. Or, rather, depressing sales are followed by good ones. On Tuesday Phillips sold medium range Old Master pictures and had its disappointments. Yesterday Sotheby's aimed at the same market and did well, with a morning total of £566,225, and only 10 per cent unsold. At its last auction in this sector, before Christmas, the unsold percentage had been twice as high.

Perhaps its offerings were fresher this time because it is noticeable that buyers are mainly interested in high quality works of art, and have no time for mediocre objects that have been hawked around for months. The London trade was active with McConnal Mason paying £26,400, as against a £15,000 top estimate, for a still life of flowers which Sotheby's had attributed to the circle of Jean-Baptiste Monnoyer.

Another London dealer, Johnny van Haeften, paid the same sum for a picture by Peter Neefs the Younger of figures inside a cathedral which carried a £10,000 top estimate. Chaucer Fine Arts bought a portrait of a girl by Jan de Bray, which had hung in Landsdowne House, the London home of the Marquess of Landsdowne for many years. A Guardi portrait of Ali Pasha with his retinue sold to a private buyer for £18,150. It was sold by a member of the von der Schulenburg family and from the same source a portrait of a nobleman by Carboni made £17,600. For many years it had been credited to van Dyck. Colnaghi paid the same sum for an allegory of Virtue, attributed to the circle of Theodor van Thulden. Its top estimate was £3,000.

Boxing has a bad reputation at the moment but the sport enters the ring of sporting memorabilia on April 13 when Phillips is disposing of two large boxing collections, amassed over many years. The lots range from books, including such early guides to the sport as Tom Crib's "Memories to Congress;" through portraits of such 19th century heroes as Langan; and magazines, posters and scrap albums. Anyone wanting to assemble a boxing museum has an unrepeatable opportunity.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday February 18 1988

Policing in Ulster

THE ANGLO-IRISH Agreement of 1985 was always a lop-sided affair in the sense that it was not a treaty between two equal powers. Although it marked a major new departure in British policy towards Northern Ireland and practically gave Dublin a voice in the policy-making, it was probably the Irish Republic that gave more away. For if the agreement were ever to break down, Dublin would be hard put to find suitable new friends to help it combat the Provisional IRA – a body which, in the long run, is aimed quite as much at the south as at the north.

Britain, by contrast, regards Northern Ireland as only one problem among many and one that is not often at the top of the political agenda. Its main bonus from the agreement was enlisting further Irish help in the fight against terrorism, though British forces, along with the Royal Ulster Constabulary, could possibly continue to contain, if not defeat, the IRA on their own.

Guardians

It is also true that the agreement was drawn up by a small number of people, some of whom have now moved on. Sir Robert Armstrong, for example, was instrumental to it when he was Cabinet Secretary, but has now retired. It was always essential that the agreement should have a few guardians close to the centre of power if it was to work. It was no less crucial that Britain, as the bigger power, should have a continuing awareness of Irish sensitivities. If Mrs Margaret Thatcher could not keep a close eye on what was happening all of the time, it was imperative that those close to her should keep her advised.

The statement by Mr Tom King, the Northern Ireland Secretary, to the House of Commons yesterday was both an admission of how much had gone wrong in the past and a promise to do better in future.

Mr King's remarks were confined to policing and security matters. Many of them covered events long before the Anglo-Irish Agreement was signed and before he was Secretary of State. Yet one has to admit, as Mr King himself went a long way towards admitting, that it is, in part, a pretty sorry record. No doubt there are mitigating factors. He was, after all, talking about what had gone wrong rather than what has gone right. But it is still a tale of the RUC frequently taking matters into its own hands, of alleged wrong doings being inadequately investigated and certainly not by independent authorities, and at times of a certain contempt among the security forces in the north for those in the south.

Careless

In particular, there was the Stalker affair. Probably no one will now get to the bottom of it, since it concerns obscure events in which possibly innocent people were killed by the RUC in 1982. Mr John Stalker, then the deputy chief constable of Greater Manchester, was appointed to head an inquiry in 1984, then removed for reasons that may have had more to do with Lancashire than Northern Ireland.

The rest of the Stalker saga is by now pretty well known, but the entire episode still leaves an appalling taste and it was right for Mr King to give assurances yesterday that inquiries are not being dropped. Earlier statements by Sir Patrick Mayhew, the Attorney General, had given the impression that the British authorities were beginning to wash their hands of the affair.

Mr King also insisted that since the events of 1982 came to light there had been a steady improvement in the disciplinary procedures of the RUC and its accountability. The fact that he had to announce further measures yesterday, however, shows how slow the process has been. What he said amounted to an apology handsome enough for Dublin to accept, but the British should not be so careless again.

Lessons from the Ford dispute

HAS FORD Motor Company just become the first cuckoo of an exceptionally early Spring? There were three "final" offers before the strike and another one has come this week. If workers reject the deal agreed by their leaders on Tuesday, there may even be more to come.

Apart from the way in which it was reached, the deal itself, though very far from disastrous, is not particularly encouraging. A settlement of 7 per cent in each of the next two years is somewhat above the general run of pay settlements and confirms an upward trend in those settlements since before Christmas.

It is also no isolated event. There has been protracted unrest at Vauxhall, where there is also a two-year offer worth 14 per cent. Industrial action also seems likely at Land Rover and Renault trucks. It is quite possible that companies will decide that 7 per cent is the going rate and not only within the motor vehicle industry.

Going rate

These pressures are emerging spontaneously from the shopfloor, with the unions leading from behind. Two features of the UK economy are thus confirmed: first, the decline in unemployment during the second half of 1986 and 1987 is far more important for the labour market than its still high level; secondly, workers continue to regard the performance of their own companies as being the most important factor in pay bargaining, other than the "going rate" itself.

What are the implications for the UK economy, in general, and for the policy of the Government, in particular?

Wage costs per hour look likely to rise, while the extraordinary increase in productivity per man during 1987, especially for manufacturing, is unlikely to continue. Underlying long-term productivity growth in manufacturing has been estimated at 4 per cent, not the 7 per cent of 1987

At the same time, the Government cannot allow serious doubt about its commitment to the exchange rate link to the D-Mark. With lower productivity growth than last year, UK competitiveness will be undermined, the implications for the current account being ominous. It may become increasingly difficult to maintain the exchange rate link, at least without disturbingly high interest rates. But weakening of that link is bound to undermine the effort to control inflation.

Labour force

There is a much sadder long-term implication. The benefits of higher productivity and profits are being split between shareholders and the existing workers of successful firms. The natural response of firms to wage pressure is both less investment overall and more labour-saving investment. Greater employment can then result only from continued growth at above the underlying trend rate, such growth being less likely if inflationary pressure builds up.

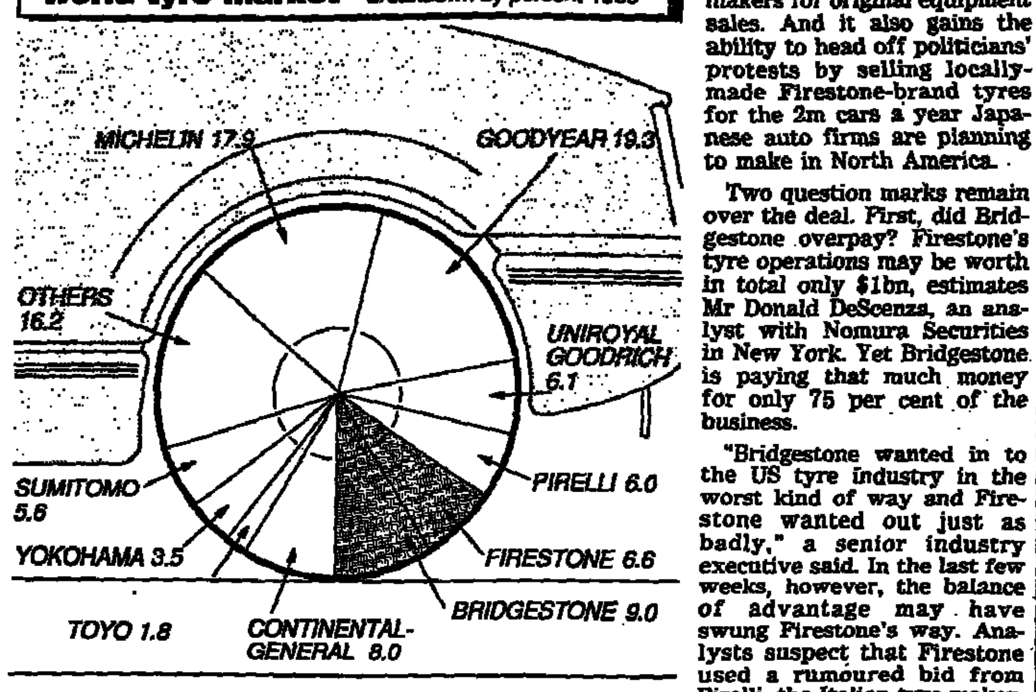
The result looks likely to be a permanent exclusion from employment of at least 10 per cent of the labour force and, within employment, a growing division between those employed in successful capital-intensive firms and those employed elsewhere.

The poor prospects for anything like what used to be viewed as full employment have long been suspected; it is the first period of exceptionally rapid growth since 1979 that has confirmed the suspicion. Much more than the need for prudence in macro-economic policy is suggested. Policies to bring the long-term unemployed back into the labour force will be doubly blessed, being good in themselves and good for the labour market. Equally crucial will be policy to increase the flexibility of the housing market. The Ford cuckoo heralds a difficult spring. But it is also a call for action to spread the benefits of growth to those too-long excluded.

Carla Rapoport and Roderick Oram on Bridgestone's US deal

Driving out into the world

World tyre market breakdown by percent 1986



AFTER THE Second World War, the story goes, Goodyear offered to buy half of Bridgestone, a young Japanese tyre company with an aggressive chairman. That chairman, Shojiro Ishibashi, saw the Americans off; he is then said to have turned to a colleague and commented: "One day *we* will buy Goodyear."

In the event, it is Firestone Tire, not Goodyear, that Mr Ishibashi's successors have picked up. Although the deal is called a joint venture in the US, Japanese industry executives and analysts see it as the latest and boldest move by a Japanese company to acquire a blue-chip American name.

The combined forces of Bridgestone and Firestone worldwide represent an immediate threat to Michelin's second-place ranking and could, in time, challenge Goodyear's top spot. "Bridgestone can secure international power by this tie-up," Mr Akira Yeiri, Bridgestone's president, says.

However, his company's journey from obscurity to the international stage is unlike other Japanese success stories. In contrast to Toyota and Toshiba, Bridgestone has mainly ploughed a domestic furrow, supplying tyres to the growing domestic vehicle industry. Its strong marketing skills were backed up by the reluctance of Japanese manufacturers to import European or American tyres in the 1960s and 1970s, when foreign tyres were clearly superior to Bridgestone's.

These factors conspired to give Bridgestone a commanding share of the Japanese market, now around 46 per cent. Exports never amounted to more than 33 per cent of sales and now account for only 26 per cent.

Bridgestone was founded in 1931 by Shojiro Ishibashi, whose name means "stone bridge." The company originally made *tabi* – Japanese workers' footwear. Ishibashi made his first fortune by putting rubber soles on the shoes; from then on, he was in the rubber business. He used his subsequent fortunes to collect art, mostly by western masters, and shunned the rowdy drinking in hostess bars favoured by most businessmen of his time.

Ishibashi's main business principle was to expand in bad times, and this served him well. He also thrived on business connections made through the marriages of his children. His relationship by marriage to government officials meant that orders flowed to Bridgestone during the Korean war in the 1950s, helping the company to gain its strong position in the domestic market.

The group, however, was not particularly bold when it came to product development. It came to radial tyres relatively late by western standards, mainly because its placid domestic customer base bought whatever Bridgestone sold. By the 1970s, it realised its mistake and has been working hard to catch up. Last year, when a Bridgestone tyre was designated as a standard for the new Porsche 959, Mr Misao Kawabata, engineering manager, exclaimed: "I can't really believe it. In fact, I guess I'll really believe it when I see a 959 in a showroom."

If technology came relatively late, a plan for international expansion came even later. While other Japanese companies were developing overseas production plants and marketing channels, Bridgestone stayed mostly at home. In the US, it bought a truck tyre plant from Firestone in 1983 and set up another a few years later. But so far it has captured less than 2 per cent of the US replacement tyre market. Its tyres are on about one in ten of new cars sold in the US, thanks to vehicle imports from Japan, but it has barely dented the market for original equipment on locally produced cars.

In recent years, Bridgestone's weakness overseas has begun to strike home. Its customers, Toyota, Nissan and others, have all been boosting production overseas and increasing their parts purchases from outside Japan. The main tyre suppliers to the Japanese car factories transplanted to the US, for example, have been American companies.

At the same time, imports of tyres into Japan became more than a trickle; growth in the domestic market was levelling off and there were still five other tyre companies in the Japanese market.

"The company was standing on a shrinking ice-flow," says Mr James Abegglen, president of Asia Advisory Service in Tokyo who took part in a study of Bridgestone a few years ago. "Compared to Goodyear and Michelin, Bridgestone's size and cash-flows were so much less. Their efforts to internationalise hadn't worked."

Even so, falling raw material costs plus the rise in the value of the yen have cut Bridgestone's expenses dramatically over the last two years. The production costs of goods sold were 75 per cent of sales in December 1985, for example, but dropped to just 66.4 per cent by June last year, according to Mr Takaharu Itoh of Citicorp Scrimgeour Vickers in Tokyo. Very little of this advantage has been passed on to Bridgestone's customers, allowing it to hold profit margins fairly steady. At the same time, its balance sheet shows net cash of more than Y200bn (£881m). Mr Itoh calculates that Bridgestone's hidden assets, including land, buildings and securities purchases made decades ago and valued at cost, are worth at least Y1,000bn.

Now Bridgestone has used a chunk of that cash to buy itself a big international presence. At a stroke, Bridgestone has acquired factories in the important North American and European markets, plus marketing and distribution networks. Its own factories in Asia and Australia are a good fit with the Firestone plants.

In the US, the deal gives Bridgestone instant access to high quality manufacturing, an extensive national marketing system for replacement tyres, and big research and development labs. The Firestone name and sales network gives it access to Detroit's car makers for original equipment sales. And it also gains the ability to head off politicians' protests by selling locally-made Firestone-brand tyres for the 2m cars a year Japanese auto firms are planning to make in North America.

Two question marks remain over the deal. First, did Bridgestone overpay? Firestone's tyre operations may be worth in total only $1bn, estimates Mr Donald DeScenza, an analyst with Nomura Securities in New York. Yet Bridgestone is paying that much money for only 75 per cent of the business.

"Bridgestone wanted in to the US tyre industry in the worst kind of way and Firestone wanted out just as badly," a senior industry executive said. In the last few weeks, however, the balance of advantage may have swung Firestone's way. Analysts suspect that Firestone used a rumoured bid from Pirelli, the Italian tyre maker, as a means of forcing Bridgestone to a decision after years of tentative talks.

Another reason for Bridgestone's willingness to pay up may have been the improvement in Firestone's profits in the past year. Mr John Nevin, Firestone's chairman, gained the nickname the "The Liquidator" for his aggressive streamlining of the company's tyre operations through the 1980s. Satisfactory profits eluded the company until last year, however, because of overcapacity and stiff price competition. At last, the industry's supply and demand swung in the opposite direction. As a shortage of capacity developed, prices rose strongly.

However, another protracted bout of overcapacity may be just around the corner. Domestic companies have been rapidly expanding and modernising their plants. The industry leader, Goodyear, has a factory that, it claims, produces tyres as cheaply as any other in the world.

Meanwhile, foreign investment has been flooding in. Michelin of France has begun a $200m project to substantially increase output at four US tyre plants. Continental of West Germany recently paid $650m for General Tire & Rubber. The sick man of the industry is considered to be the US industry's second-biggest firm, Uniroyal Goodrich, an attempt by a New York investment firm to merge the tyre assets of two once famous companies in the industry. With such competition, and slowing US car production ahead, Bridgestone faces a tricky challenge in making its new operation work.

That is the second question mark over the deal. Japanese companies have already proved that – in a few striking instances at least – they can take over Western firms and make them work well against fierce competition. One such achievement, indeed, came in the tyre industry, with Sumitomo Tyre and Rubber's purchase of the Dunlop tyre operations in Western Europe. None the less, Bridgestone's strong domestic emphasis until now makes the challenge of the Firestone deal all the greater.

THURSDAY BOOK REVIEW

The Politics of Interdependence

By Edmund Dell
MacMillan £29.50

EDMUND DELL is a rare bird. He is former trade minister and a mercantilist, which is not at all rare. He is also an avowed mercantilist, which is a good deal rarer. But what makes him exceptionally rare is that he is a thinking mercantilist. He wants to convince us that trade ministers do more than impoverish their countries at the behest of special interest groups.

Mr Dell has read widely on the subject and has made a serious attempt to understand the arguments of his opponents. If one wishes to understand how a trade minister with Mr Dell's wit and learning might defend his activities, then this book is the one to read.

How persuasive is Mr Dell's *plaidoyer*? He makes three main points: first, "the instinct for national economic security has always been an important, sometimes decisive, element in economic policy-making." Second, "no economic theory provides a reliable basis for action." Third, "it is inevitable that nations will deploy their power in an attempt to secure for themselves that accommodation with their partners that most nearly serves their interests." His conclusion is that the appropriate path is "liberal pragmatism" and this reviewer certainly agrees in preferring the liberal to the illiberal variety.

The argument can be viewed as both a description and as a defence of how the world works. On the former, Mr Dell is unassailable. Nobody who has had any contact with trade ministers can doubt that Mr Dell has encapsulated how they think. To take a salient example, the GATT has nothing to do with the economist's notion of free trade. It is a disarmament treaty for mercantilists.

The main question is whether one should accept Mr Dell's defence of these activities. Here the book offers two avenues: a critique of liberal economics and a theory of mercantilist policy. On the former, the discussion is quite defensible. Neither theory nor experience provide a convincing demonstration that free trade will bring the greatest possible level of economic welfare.

What theory and experience suggest is more modest, though not unimportant. First, some trade is certainly much better than none and the smaller a country the more essential will be a great deal of trade. Secondly, export performance is a key ingredient of economic success, while uncontrolled protectionism acts as an often-crippling tax on exports.

The heart of the book is, however, its defence of mercantilism. For Mr Dell the aim of international trade policy is national economic security. Such security is achieved through economic strength. The principal sign and reward of strength is a current account surplus. Without such strength, "Countries other than the most powerful can become intolerably constrained in their ability to make their own policy choices."

In Mr Dell's view, states are like individuals. He remarks that "countries such as Germany and Japan may not be able to challenge the USA in its military power. But they can invade its domestic market with great effect." Is this anything more than a loaded way of saying that a substantial number of Japanese and German firms have been successful in developing products that Americans want to buy?

The book's main failing is that the central concept of "economic security" is never convincingly elucidated. Sometimes it seems to mean no more than that ministers can be secure against the embarrassment of "going naked to the conference table". Furthermore, the intermediate goals proposed are unlikely to make countries "strong" even in Mr Dell's own terms. There is no necessary link between protection and the current account surplus.

More important, are the interests of the state, as elucidated by Mr Dell, also the interests of its citizens? The principal achievement of Adam Smith's economics may be the proposition that the raison d'être of economic activity is consumption of individuals, of which they themselves are normally the best judge. Since Mr Dell's "autonomy" usually means the ability of the state to interfere in the transactions of its citizens with foreigners, why should they prefer such "autonomy" to their own?

In any case, it is far from obvious that the citizens of small countries like Switzerland or Sweden are less economically secure than those of the US, the paradigmatic case of a strong state. If they were, it would presumably be in their interest to see their states not preserved but rather merged into larger ones. But the trade policy autonomy of the US probably threatens the economic security of at least as many Americans as it is ever likely to assist.

Mr Dell's book describes the world with great clarity. Even where peaceful commercial transactions are involved, the state has, indeed, been successful in using the metaphor of war to bind its citizens to itself. But what Mr Dell describes as the interests of states are not necessarily those of their citizens. "Japan", "Germany" and the "UK" are powerful but dangerous abstract ideas, capable of evoking calamitous loyalties and hatreds. It is ironical that it is those viewing themselves as pre-eminently practical and pragmatic who find these abstractions particularly seductive.

Martin Wolf

OBSERVER

Consumer scourge

■The style of leadership introduced by John Beishon, chief executive of the Consumers Association, is not to the liking of everyone around him. Neither are his methods.

Since he took up his post seven months ago the association, publisher of Which? magazine, has seen a number of departures culminating in the surprising announcement that Rosemary McRobert, deputy director, has decided to retire in April, four and a half years before her normal retirement age.

McRobert is not prepared to comment openly. Beishon himself has no such coyness. "I like to think that any chief executive is regarded as a menacing figure. I am not a big teddy bear. I have a business to run," he says.

Beishon, 56, has joined an organisation which has become a pillar of the middle class. Which? is a highly successful publication with more than one million subscribers, helping the association towards a projected turnover of £36m in the current year.

He is intent on broadening the association's message to "the vulnerable section of society – the OAPs, the unemployed, the less monied and less well-off."

Beishon, a member of the Labour Party, took over a post occupied 22 years by the late Peter Goldman, the unsuccessful Tory candidate in the Orpington by-election in the early 60s.

He gained a reputation for firmness when he was sent into North London Polytechnic two years ago to put down the near anarchy which reigned when students rebelled against the far right connections of fellow student Patrick Harrington, now a prominent member of the National Front.

Just as in his days as deputy director at South Bank Polytechnic, Beishon's career at North London was marked by a number of secondments, and moves among senior staff.

His deputy Ann Nutkins, for example, went on a year-long course to Cambridge and found that she couldn't get back. She is now contemplating early retirement while on secondment at the Polytechnic of Central London.

Not all the Consumers Association departures, and there have been four recently among senior staff, can be put down to the Beishon style. John Scott, head of marketing, left to become vice-president of Time Life.

Rosemary McRobert will be the fifth to go and some observers have noted that the backgrounds of her and Beishon have little in common, something he accepts himself. He says: "Rosemary was born in Burma from a military family and privately educated. I was born in Walthamstow from a working class family."

"They certainly drive a hard bargain – 10 hours of negotiations just to buy a new car."

French cricket

■George Orwell must have hated cricket. "It is not a twentieth-century game," he wrote, "and nearly all modern-minded people dislike it. The Nazis, for instance, were at pains to discourage cricket . . ."

Being attacked by Orwell hasn't harmed the sport. Indeed, the pace at which the French, of all people, are developing a serious taste for cricket was marked yesterday by news that the British are helping to sponsor the French National Cricket Championships at Eymet, in the Dordogne, at the end of April.

The Warwickshire Knickerbockers played against the Cricket Club of Paris back in 1864. And there was a needle match between an English and a French side at the 1900 Olympics in Paris. But things moved along sedately until 1986 when the Association Française du Cricket (AFC) was formed, and membership has now grown to almost 400 regular players from 10 clubs.

Last year the AFC gained membership of the International Cricket Conference, so the day may yet dawn when France pads up for a knock-down Test series against England or the West Indies.

The championship in Eymet will attract players from Paris, Chauny, Dijon and Lyon, plus Eymet, as well as Paris-based Pakistani and Sri Lankan teams. At present expatriate Englishmen make up the bulk of French sides, but Richard Woods, secretary of the Eymet Cricket Club, is convinced that the French will eventually learn to love cricket as passionately as boules.

Sponsors of the French championship include Magnum's, a French restaurant in Hampstead, north London, the Financial Times, National Westminster Bank, and AGF Assurances, though more money is needed.

Lighter tax

■Chancellor Lawson has abolished a tax in each of his Budgets so far, so speculation is growing as to which one will go next month. Some of the tax experts at Price Waterhouse have come up with the Matches and Mechanical Lighters Duty.

The tax was first levied in 1916 to help the war effort. It currently takes the form of a fixed duty of 50p on each mechanical lighter sold. Matches are taxed at £1.15 per short standard (7,200 matches, in case you didn't know). It brings in £20m a year and most people are unaware that it exists, which suggests that it can continue to lie low indefinitely. However, it is sufficiently absurd for its demise to figure high on any truly reforming Chancellor's list of priorities.

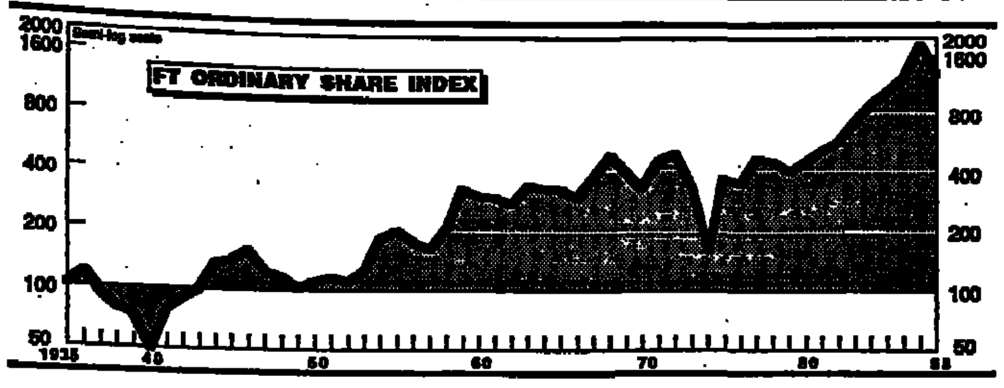
There is a snag. The duty is aimed at the cheap throw-away butane lighters in which the French specialise and favours the bigger, more opulent refillable items made on the English side of the Channel. Given the current animosity towards the French in some quarters of the Government, perhaps the lighter duty will be increased. But surely the present Chancellor is above that sort of thing.

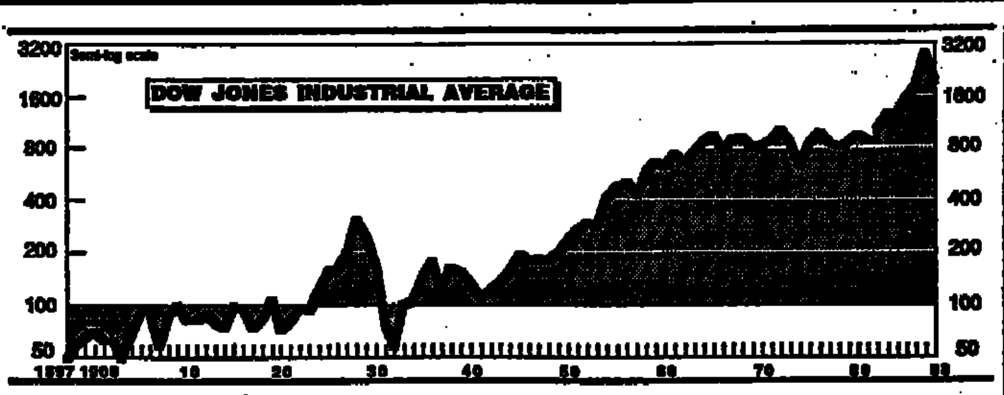
Japanese ways

■A friend who has an important business connection in Japan is wrestling with the problem of how to convey a message to Japan Airlines without causing an unacceptable loss of face. Perhaps this note will help.

The message is simply this: it is not a good idea to train their polite and helpful check-in girls to conclude the formalities with a broad smile and the hope that the customer will have a good fright.

Journey, perhaps?





ECONOMIC VIEWPOINT: By Samuel Brittan

Out come the warnings of doom

LAST OCTOBER'S stock market crash gave a boost to the industry of financial doom-mongering.

But it has always flourished. Until last October a favourite popular question was: is there going to be another 1929? Now that we have had the equivalent of 1929 in the stock markets without falling off the edge of the universe, the question has switched to: is there going to be another Great Depression like that of 1930-33?

In fact, the 1929 Wall Street crash was an overrated event. Wall Street fell by more than 40 per cent from peak to trough in 1929, but then rebounded and had made up a third of the ground it had lost by early 1930.

A much bigger equity slump took place in London little more than a decade ago. Indeed the bottom was not reached until January 6 1975 when stock market prices were more than 70 per cent below their 1972 peak, even before allowing for inflation.

The steepness of the drop in London was, of course, due to special factors: not only the worldwide oil price explosion (this was before North Sea oil), but also the secondary banking crisis, the defeat of the Heath Government by the miners' strike and the threat that business rightly or wrongly saw in the policies of Tony Benn, then Industry Secretary.

In Wall Street in the run-up to the Great Depression, the really alarming market drops occurred not in 1929 but in the later months of 1930, in 1931 and the first half of 1932.

Is history going to repeat itself? It certainly did not take the 1987 crash to trigger warnings of another Great Depression. There were cries of doom when the central bank gold pool was abandoned in 1968 and at many other times before and since.

Nothing is easier than crying disaster. One day Cassandra will be proved right; and in the meantime she is given credit for a very adult lack of illusion.

Nevertheless, some of the doomsters have the virtue of at least drawing attention to economic behaviour not fully considered in the models used by national governments.

They divide on whether they see inflation or deflation as the main danger. But even those who worry about rampant inflation do not expect any compensatory gains in real growth. On the contrary they expect an explosion in asset values, not reflected in output, and followed by a real decline outside the range of the official projections.

A non-fanatical doomster's bible has just been provided in Blood In the Streets: Investment Profits in a World Gone Mad, by James Dale Davidson, in collaboration with Sir William Rees-Mogg. (Sidgwick and Jackson, £15.)

The book is no fundamentalist tract and is so moderate in its doom-mongering that there is no single chapter summarising the message. The title is taken from a slogan of Nathan Rothschild: The best time to buy is when blood is running in the streets.

Mr Davidson is cautious in his predictions: "No economic upheaval of the magnitude we expect has been seen since the General Depression" is more careful than it is spine-chilling.

He lists 27 ominous parallels between today's conditions and the prelude to the Great Depression. But surely there are also differences. The US was already in recession when Wall Street crashed in October 1929. In October 1987, the US was in the middle of a real expansion, which has continued, despite predictions of recession, and has put pressure on capacity in important sectors.

Another difference is that in 1930 President Hoover signed into law the infamous Smoot-Hawley Tariff, which helped to transform the world recession into a depression. This time the much criticised President Reagan has undertaken – despite the large US trade deficit – to veto protectionist legislation and he reportedly has the support of enough senators to uphold his veto.

Obviously we must keep our fingers crossed and wait for the new President and new Congress.

One underlying thesis of Blood in the Streets is that the world economy only functions smoothly when one power is predominant: Britain in the 19th century, the US after World War Two.

The authors argue that, just as Rome perished from the burden of defending the empire, so the US has been undermined by the burdens of global involvement. Probably true; but more allowance needs to be made for the progress of modern technology, in permitting both guns and butter, compared with the stasis of the ancient world.

There was far more alarm about the world economy after the oil price explosion of 1973-74 than there is now

Their more specifically financial thesis is: inflation will breed deflation: which you will not find just like that in Keynes, Friedman or any of the models.

Subtracting the mega-politics, the argument concerns expectations. In a world conditioned to be watchful of inflation, it is extremely difficult for governments or central banks to combat deflation. For expansionary policies, which might have been successful in maintaining spending power against a more stable background, simply produce phenomena such as higher interest rates and a free fall for the currency concerned.

The two main themes in the doom prognoses are warnings that major financial institutions and other corporations are insolvent; and alarm about the growth of credit.

Indeed Blood in the Streets contains a table of 36 US multinationals vulnerable to a breakdown in world order. The policy difficulty is that it is no longer possible to put a ring fence around the banks or even around financial corporations. A central bank wanting to give a cast iron assurance against the collapse of any deposit-taking institution would find itself giving an enormous open-ended guarantee, which would involve vast moral hazard and could turn out to be highly inflationary.

No operational theory seems to exist other than a game of bluff in which central banks – and the governments behind them – deliberately leave markets to guess which institutions will be bailed out in the event of insolvency.

Fears about runaway credit lead to an outright clash between the doomsters and the monetarists. While monetarists, such as Beryl Sprinkel, Chairman of the US Council of Economic Advisers, worry about the slow growth of the US money supply in the last year, doomsters worry that credit has been soaring.

This is an old argument. While monetarists castigate the Fed for inadequate monetary growth in the late 1920s, the credit school says that policy was too expansionary and encouraged speculation.

A pointer to consensus does emerge from a more orthodox book, The Great Depression Revisited (ed Karl Brunner, Kluwer, Boston, 1981). This is that the world recession in 1929-30 cannot plausibly be blamed on monetary policy. Later on, however, the monetary collapse did help to convert the depression into a recession. The charge against the Fed is not deliberate tight money, but inadequate action to offset the wave of bank failures.

My reaction to such studies, as well as to recent events, is that none of the rules suggested for managing a paper money system is nearly good enough. Eventually, monetary policy will have to aim at preserving – but not increasing – a currency's value in terms, not necessarily of gold, but at least of a bundle of products. When this is done on a worldwide scale, we will have the preconditions for a return to fixed exchange rates.

I am going to finish not with a prediction, but with a reminder that there was far more alarm about the world economy than exists at present after the oil price explosion of 1973-74, associated with the Yom Kippur War.

This was the time when a very level-headed Nobel Prize winner was sure that Middle Eastern oil producers would be masters of western Europe; when the British Prime Minister, Harold Wilson, was photographed bowing down to the waist as he greeted Prince Fahd, of Saudi Arabia, at London Airport.

The impact of higher oil prices was to raise consumer price indices everywhere; and catch-up claims by unions threatened to entrench double digit or even runaway inflation. On the other hand, the transfer of purchasing power, amounting to more than 2 per cent of the gross domestic product of OECD countries to a handful of oil-rich states with small populations and few opportunities for immediate spending, was recessionary in its implications. This was stagflation with a vengeance.

After many hesitations, and a second oil price explosion in 1979-80, policy makers chose the route of not accommodating inflation. But it was hardly painless. Although there was no depression, there was a decade of stagflation and post-war full employment came to an end.

The oil price explosion was the trigger, not the main cause, for the forces that were undermining the post-war golden age. In my own warnings about the economic contradictions of democracy, I have concentrated not so much on the financial mechanism as on the corrupting effects of interest group pressures. A related theme is the domination of collective bargaining by insiders at the expense of outsiders, who remain unemployed. The financial pressures can, in the last resort, be traced back to these more fundamental influences.

Lombard

A Lady not for ravishing

By John Plender

POLITICIANS who are disturbed at the prospect of television cameras eavesdropping on parliamentary debates in Westminster should take heart from an interesting experiment down-river. The result of the Bank of England's decision to let a herd of telefolk through its august portals appears, on the initial evidence on television this week, to be an altogether respectful documentary. Indeed, some highly placed folk in the Bank's hierarchy wish it had been a mite more abrasive.

One can see their point. With Labour offering only muted opposition nowadays (and Gavin Laird of the Amalgamated Engineering Union on the Court of Governors and promoting the Old Lady with a splendid puff on camera) the real threat to the Bank probably comes from a different quarter. How long before the sight of all that pomp, splendour and non-computerised book-keeping causes some callow, iconoclastic youth in a right wing think-tank to ask indelicate questions? For example, what is the point of the Bank of England? And does the government really need to own it?

Much of the Bank's traditional function has, after all, been made redundant either by Mrs Thatcher or by the markets. To start with, the abolition of exchange controls did away with an army of employees – and much of the Bank's ability to influence errant industrialists through the discretion it enjoyed under the exchange control legislation. There is certainly no question of the present Conservative Government behaving like the rake in Gilray's original cartoon of the Old Lady - a thinly-veiled Pitt bent on plundering the Bank for war finance. With the Government's finances potentially in surplus for the first time in 20 years, the Old Lady's not for ravishing. How, one wonders, would Gilray portray the Government Broker if he were around today? Asleep?

With privatisation, the political sensitivities in high finance have shifted from the gilt market to the equity market, which is not the Bank's direct responsibility. And the securities markets nowadays handle much more of the task of shunting resources from those with spare money to those who want to borrow: securitisation often cuts out the banking middleman. And where monetary policy is concerned, there is not much doubt where the balance of power lies between the Bank and Treasury. Mr Nigel Lawson is far from being a humble seeker and taker of central bankerly advice.

Of course the vagaries of economic fashion have delivered one or two boons to the Old Lady. The return to active management of exchange rates, for example, has re-opened an interesting area of (loss-making?) potential. Prudential supervision remains crucially important in a global financial system that remains rickety. But the Young Turks in think-tanks would no doubt argue that these functions could be conducted perfectly well by a privatised central bank – perhaps to better effect if the Bank were obliged to try to generate profits from currency intervention.

Right-wingers might also see political as well as economic attraction in privatising monetary policy along Bundesbank lines. Creating a fully independent central bank would be a gigantic poison pill for any future Labour administration, in the same way that privatisation generally creates a fiscal policy nightmare for any government that deprives itself of privatisation receipts. That is the one think-tank proposal the Old Lady would love, because it is the very opposite of the political ravishment portrayed by Gilray. And it is one that Mrs Thatcher can be relied on not to deliver. A central bank in the politicians' pocket is worth several in a constitutionally impregnable bush. Which leaves Mr Robin Leigh-Pemberton's Bank with an appropriately television-age problem: increasingly it is seen but not heard.

Letters to the Editor

Education crisis includes the YTS

From Mr Ian Jones.

Sir, Joe Rogaly's article on the Baker reforms (February 12) draws attention to an important reason for Britain's relative shortfall in craft- and technician-level skills (Letters, February 2 and 9).

In the UK, as in Germany, such skills are predominantly acquired in employer-based apprentice training. Apprentice employment in the UK, however, has been significantly inhibited by the relatively high rates of pay enjoyed by British trainees.

In the early 1980s (the position is unlikely to have changed radically since then), trainee earnings relative to adult employees' earnings were approximately two to two-and-a-half times higher in the UK than in Germany. The disincentive effect of such high rates of pay on employers has, no doubt, been attenuated somewhat by the Youth Training Scheme (YTS) which subsidises both apprentice and non-apprentice training.

But as the wage-related disincentive to offer training weakens, it is likely that the supply of adequately qualified school-leavers will be recognised as a major constraint on skill formation.

This problem is clearly signalled in the findings of recent research undertaken on behalf of the Manpower Services Commission (referred to in an article on February 8 on your Employment page). This – and other MSC-sponsored research – suggests that in the 1985-86 YTS year, perhaps one fifth of all trainees on the scheme were following "apprentice-type" training programmes, typically offering the opportunity to acquire City and Guilds or equivalent qualifications.

Most of the remaining YTS trainees undertook more basic "foundation" training; of these, only a little more than half had the opportunity of gaining any form of further education (FE) qualifications.

Moreover, few of the FE courses available specified any minimum academic attainments, and they led mainly to quite basic qualifications, usually gained without any externally moderated tests of either theoretical or practical competence. (In some – though by no means all – cases it appeared that more demanding FE courses were available, but trainees did not have sufficiently good school qualifications to undertake them.)

These findings point to the existence of serious problems in the development of even the two-year YTS as a means of bringing Britain's output of intermediate skills up to the level currently achieved by our most important overseas competitors.

There is clearly no "quick fix" solution to the problem of the grossly inadequate performance of UK schools in educating the bottom half of the ability range. Given the difficulties of reforming the system from within – which Mr Rogaly's article identifies – it is appropriate to consider how other policy instruments might be used to secure the necessary improvements.

One such is YTS itself. If eligibility for YTS were made conditional on the attainment of standards of competence in a range of core subjects specified by the Manpower Services Commission (not the Department of Education and Science) this might concentrate minds in schools – as well as emphasising that YTS was concerned with the provision of high-quality training.

Adoption of this approach would mean the sacrifice of YTS as a scheme which guaranteed an opportunity to all comers, irrespective of attainment. But perhaps the crisis in education is serious enough to justify this kind of radical step.

Ian Jones,
National Economic Research Associates,
18 Park Street, W1

EC will take a constructive approach to member states' problems

From the Vice President of the Commission of the European Communities.

Sir, Your editorial on tax approximation within the EC ("Lord Cockfield asks too much," February 17) appears to follow closely the views expressed in a recent analysis by the Institute for Fiscal Studies to which you refer. It contains three serious flaws:

First, it is both inaccurate and misleading to accuse the Commission of pursuing uniformity for its own sake. Uniformity is precisely what we do not propose. For the VAT, we propose instead *approximation* within certain bands. The spread we suggested was modelled on the US experience of market forces at work without frontier controls – in other words, the US example supports rather than contradicts the Commission's approach.

Second, you omit any reference to a crucial element in our proposals. Far from not recognising that the demands may be onerous, we have specifically and repeatedly acknowledged the problems that some member states may face. We have recognised that they may well wish to be granted derogations and we have made it clear that we would take a constructive approach in discussing such requests. It is strange that this crucially important point, made in the 1985 White Paper and repeated in the Communication accompanying our recent proposals, is invariably ignored by commentators in the United Kingdom.

Third, the cross-border shopping problems are not the only ones created by widely differing tax rates when frontiers are abolished. Nor can it be dismissed as lightly as you suggest. Serious difficulties already arise on certain land frontiers and these would become quite intolerable once frontiers disappeared unless taxes were approximated. You simply cannot generalise from the specific UK case where geographical separation itself imposes some limit on trade deflections.

The Commission's proposals are a serious attempt to deal with the real problem of the fiscal consequences of the abolition of frontier controls. We have always said that we would welcome any better ideas others can come up with provided they respect the Treaty commitment to abolish the frontiers.

So far nobody has done so. Indeed, a committee of high level experts appointed by the member states came to the conclusion that there was no alternative to what the Commission is proposing.

Cockfield,
Rue de la Lev 200,
B-1049 Brussels,
Belgium.

The new honesty is to admit that governments cause inflation

From Mr Christopher Meakin.

Sir, Addressing your 100th birthday party, the Chancellor of the Exchequer said the Keynesian-monetarist debate is dead. At last we can all move on to the next square. As if on cue, Mr Tim Johnson (Letters, February 15) proposes an appealing line of argument that manipulating interest rates does not reduce inflation, but exacerbates it.

Perhaps a new wisdom really is emerging. Stop-Go Britain was characterised by high money supply/inflation boosting consumer demand ("overheating"). This spilled over into trade deficits ("sucking in imports"), because domestic industry had not invested enough, especially in fast-changing, easily-traded durable consumer goods. The orthodox political response was to blame industry, divert yet more resources into the public purse ("demand management"), and shove interest rates even higher ("to protect the pound").

Contrast Japan, a country preoccupied with low interest rates. Setting aside cause-and-effect for a moment, postwar Japan has been characterised by *relatively* low consumer demand ("high savings ratio"), spilling over into huge trade surpluses. Japanese industry has used cheap money to invest in exportable consumer durables, creating a huge trade surplus already benefitting from orthodox protectionism. The internal political response has been to suppress interest rates even further in order to stop the yen rising. The external political excuse has been to declare that Japanese are different from the rest of us.

So to cause-and-effect. The new honesty of the Thatcher "revolution" has been an admission that inflation is caused by governments, not by society/overheating/trades unions/any other convenient whipping boy. Specifically it has admitted that governments fund their electoral promises with backdoor promises through the "funny money" illusion. Chancellor Lawson has discovered he can actually make tax cuts which are non-inflationary even when consumption is rising.

In contrast, the orthodoxy of the Thatcher "revolution" has been, as Tim Johnson argues, to retain Threadneedle Street's faith in the curative powers of high interest rates. Bankers love 'em – always have. (Any banker looks efficient if he is making ten per cent on free funds.) Blame for the resulting investment deficiency is still dumped on management lethargy.

A whole – rather than partial – new wisdom would offer the prospect of a booming investment climate ("just think what UK management could do with 4 per cent money"). Having lived in both, I see no reasons why the UK cannot have Hong Kong's rate of growth.

Christopher Meakin,
59 Court Lane, SE21

Letters on the October 1987 crash: page 32

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FINANCIAL TIMES

Thursday February 18 1988

Human rights on Moscow agenda

BY BRUCE CLARK IN LONDON

THE US expects to see human rights at the top of the agenda when Mr George Shultz, the Secretary of State, meets Mr Eduard Shevardnadze, the Soviet Foreign Minister, in Moscow on Sunday, a senior US official said yesterday.

Ms Rozanne Ridgway, Assistant Secretary of State for European affairs, said on satellite television that strategic arms cuts and Soviet withdrawal from Afghanistan would be the other key issues.

The emphasis on human rights seems certain to irritate Moscow.

The Soviet Government expressed impatience with the references to humanitarian issues made by Sir Geoffrey Howe, the British Foreign Secretary, in Moscow earlier this week.

Ms Ridgway said she did not think that a definite date for the next Soviet-US summit, expected to take place in Moscow in the summer, would come from Sunday's talks.

She reiterated President Reagan's commitment to seek a strategic arms agreement in time for the next summit, but added that "we are not dealing with a deadline."

Ms Ridgway cautioned that Soviet-US efforts to agree on cuts in their strategic arsenals faced "tough issues", particularly over verification.

On human rights, she said that "we have acknowledged some steps the Soviet Union has taken that are to be welcomed, but we are concerned at what seems to be a tendency...to substitute process for substance."

By "process", she may have been referring to the Soviet Union's call for the convening of an international human rights conference in Moscow, and to the activities of its officially sponsored Soviet Human Rights Commission.

About 8,000 Jews were allowed to leave the country last year, an increase over recent years, but far below the 1970s peak of some 50,000 per year.

Ms Ridgway insisted that there were no major differences of approach between the Nato allies over arms control.

Mr Helmut Kohl, the West German Chancellor who arrived in Washington today, did not favour a "triple zero" option eliminating short-range missiles, she said.

She had attended a conference in West Germany where Mr Frank Carlucci, the US Defence Secretary, was reported to have questioned US willingness to keep troops in Europe, if European allies rejected the upgrading of short-range weapons.

"I did not hear him say that," she said.

Commenting on reports that Soviet SS-12 missiles were being removed from East Germany earlier than the December Soviet-US agreement required, she said that Washington would be able in due course to check whether they were being destroyed or redeployed.

Thatcher cool on early arms talks, Page 2

There is a worldwide shortage of Drams reports Louise Kehoe in San Francisco

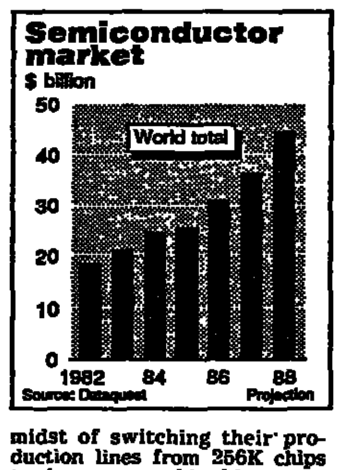
Famine bites computer makers

A DRAMATIC SWITCH from feast to famine has occurred in the billion dollar market for critical computer memory chips. Major computer makers, who are scouring the world for new supplies of dynamic random access memory (Dram) chips blame a combination of economic, technical and political factors for a shortage that is already slowing their production lines and threatens to get worse.

Just 18 months ago, the world was awash in Dram chips. The US Government was accusing Japanese producers of "dumping" the data storage devices below cost, while US chip makers kept their backs turned on this critical segment of the semiconductor business claiming that it would never again be profitable.

Today, in stark contrast, Dram prices are soaring. Japanese producers are being begged to increase their exports, and US chip makers are forming partnerships with producers in the Far East to increase supplies. The "Dram dearth" has been caused by a combination of higher than anticipated demand and supply problems, according to the industry analysts. Booming sales of personal computers and computer workstations have produced a significant rise in demand, say Dram suppliers.

This increase has, however, coincided with a production transition among chip makers from the established 256K Dram to the next generation product – a Dram capable of storing one megabit or four times as much data. Japanese chip makers, who are the major suppliers of Drams, are in the midst of switching their production lines from 256K chips to the new megabit chips.



The transition has not, however, gone smoothly, according to industry analysts. Megabit chips have proved to be more difficult to make than expected, and production yields are suffering. Growing demand for these high capacity memory chips has driven prices from around $16.50 last September to over $20 this week. Some buyers, desperate for chips, are paying over $30 for one megabit Dram, according to Dataquest analysts.

Exacerbating the supply problems are the residual effects of limits set by the Japanese Government last year in response to frictions with the US over trade. Although Japan's Ministry of International Trade and Industry lifted its production limits in the fourth quarter of last year, chip producers have been unable to increase production fast enough to meet growing demand.

Worst hit by the chip shortage are small-to-medium size computer and electronics companies which normally obtain their chips through distributors. These distributors, who themselves are on allocation from chip producers, are currently turning down Dram orders from all but their largest customers. Even major computer firms have, however, been affected by the Dram shortage.

Hewlett-Packard has been forced to delay deliveries of computer equipment to internal customers, although the company is keeping up with shipments to outsiders, company officials said. "The situation is quite serious, particularly with one megabit parts," said a company spokesman. The company is actively seeking new suppliers.

Also badly affected by the Dram shortages are the companies that make circuit boards for the computer industry. In this sector, one of the largest Dram buyers in the US is said to be so short of parts that it has been forced to cannibalise old circuit boards. Sun Microsystems, the leading manufacturer of computer workstations said that its production had been limited by the chip shortage.

"We would be a bigger company and shipping more computers if we had a greater availability of Drams," said Mr Scott McNealy, Sun's president.

Compaq Computer has also felt the effects of the dearth. The company's production of high performance personal computers has been limited by chip supplies. "We are supply constrained. We could sell more machines if we could get the parts," a spokesman said.

A major concern within the industry is that, as word of the shortage spreads, panic buying could escalate the problem. Four years ago, a similar panic produced a short-lived boom in chip sales that quickly and disastrously faded into what became the worst recession in semiconductor industry history. Frustrated by that memory of chip supply problems, some US executives see the problem as a Japanese plot. "You cannot ignore the politics behind this situation," said an executive at a major US electronics company.

Japanese chip makers, many US buyers claim, are supplying their home customers first and deliberately leaving foreign customers short of supplies. The Japanese want to see the Americans lose face in the wake of embarrassing trade friction, some industry executives feel. Others point out, however, that the major capital investments that semiconductor manufacturers, both US and Japanese, would normally have made in new production plants over the past two or three years were widely postponed in the face of a major worldwide recession.

The effects of these delays, they say, are now being felt. Whatever the causes, the effects of the Dram shortage are clear. The chip shortage will dampen the growth of the entire electronics industry throughout 1988, industry analysts say. Few expect any significant easing of the problem until the third quarter, at the earliest.

Bush born again in New Hampshire

Continued from Page 1

of being tough for frontrunners. In 1984, the "inevitability" of Vice-President Walter Mondale's selection as Democratic nominee was punctured when he lost in New Hampshire to the then Senator Gary Hart; in 1980, Mr Bush's post-Iowa balloon was deflated by Ronald Reagan; in 1972 Senator Edmund Muskie was cut down to size by Senator George McGovern, never to recover; in 1968, President Lyndon Johnson's narrow squeak over Eugene McCarthy helped to prompt his withdrawal from the race.

On Tuesday night, however, President Reagan, at least in spirit, rode to his Vice-President's rescue. Polling data showed that if there was one group of voters who cast their ballots overwhelmingly for Mr Bush it was those who said they were strong supporters of Mr Reagan. Conservative New Hampshire is still a hotbed of Reaganism and the President still receives 80 per cent approval ratings from New Hampshire's Republicans.

The President's loyal deputy was saved from defeat by a combination of Mr Reagan's popularity in a state which has been enjoying an economic boom, Mr Bush's strong campaign organisation and the support of the local Republican Party establishment, as well as his status as a "favourite son" with family ties in New England. He also seems to have commanded the backing of voters who see themselves as conservative, NBC's polling data show. This may help him in the southern primaries and caucuses next month.

PRESIDENTIAL PREFERENCE OF CONVENTION DELEGATES

DEMOCRATIC		REPUBLICAN	
Dukakis	44.50	Bush	61
Gephardt	39	Dole	42
Simon	33	Kemp	35
Gore	10.55	Robertson	8
Jackson	9.80	du Pont	2
Babbitt	4		
Hart	0		
Uncommitted	274.40	Uncommitted	8
Needed to nominate	2,082		1,139
Total delegate votes	4,162		2,277
Chosen thus far	415.25		156
Yet to be chosen	3,746.75		2,121

Breakdown of the presidential preference of the delegates to the Democratic and Republican national conventions. The preferences are based on delegates' public statements or binding state laws or party rules.

But, as Mr Robert Squier put it with the degree of objectivity reserved for Democratic political consultants, New Hampshire's primary has not obscured the fact that Mr Bush remains a weak campaigner, whatever other attributes he has as a candidate.

Indeed it was the Vice-President himself who best described his problems on the day after he arrived in the state after his crushing third place finish in Iowa behind Mr Dole and Mr Pat Robertson, the former television evangelist.

Mr Bush and his advisers had been so shaken by that setback that they seemed not to know quite how to respond. For a couple of days their natural tendency to resort to gimmicks to influence the voters reasserted itself. Suddenly a man who had been cruising the country in White House aircraft and using the stature of his office as a political prop was being pictured on television driving snow ploughs, articulated lorries and fork-lift trucks as he tried to steal the news coverage from Mr Dole.

In the midst of this frenetic attempt to refurbish his image, Mr Bush plaintively issued a statement which at the time sounded for all the world like an epitaph for his campaign rather than a rallying cry.

"Maybe in some ways I'm a little more taciturn than I could be... but let me tell you, don't take that private side of me for lack of passion," he said. He added: "I don't always articulate but I always do feel and I care too much to leave now. Our work isn't done."

What may well have turned the race in his direction however, as well as exciting Mr Dole's acerbic reaction, was a series of hastily patched together television advertisements which accused the senator of indecision on issues dear to the hearts of New Hampshire voters.

In particular, Mr Bush's campaign charged that Senator Dole was a man who would raise taxes to tackle the budget deficit. In one of only two states with no income tax, it was a piece of mud that stuck. Polls indicated a pronounced swing to the Vice-President in the final few days of the campaign when this negative advertising began to air.

Senator Dole and his advisers are bitterly disappointed. Having come within a few thousand votes of undermining the Vice-President's credibility as a candidate, they must now go through the same agonising reappraisal of their tactics that Mr Bush has just endured.

Britain and Ireland make joint pledge on terrorism

By Michael Cassell in London and Kieran Cooke in Dublin

THE BRITISH and Irish Governments yesterday expressed their deep concern at the strained relationships between the two countries but pledged their determination to defeat IRA terrorism and to co-operate on cross-border security.

Mr Tom King, the Northern Ireland Secretary, told the House of Commons in London that possible disciplinary proceedings against members of the Royal Ulster Constabulary, alleged to have been involved in a "shoot-to-kill" policy in 1982, are to be the subject of two new inquiries.

It was being emphasised in Whitehall, however, that Mr King had not signalled the start of another lengthy investigation process along the lines of the Stalker-Sampson "shoot-to-kill" inquiry, and that results were expected within about two months.

In the first reaction from Dublin last night, Mr Ray Burke, the Minister for Energy, said the Irish Government was "absolutely not satisfied" with Mr King's statement. It would continue to press for the prosecution of those RUC officers known to have been involved in a perversion of the course of justice.

However, Mr Jerry Collins, the Minister for Justice, said the Government could only hope that Mr King's assurances would be implemented in the shortest possible time.

Earlier, Mr Charles Haughey, the Irish Prime Minister, criticised in the Dail, the Irish parliament, the British Government's refusal to prosecute officers of the RUC and its failure to adhere to new Irish extradition proceedings.

He said that the extradition of terrorist suspects from Ireland to Britain would not take place until the British Government changed its attitude, but he also re-iterated his own government's continuing commitment to the 1985 Anglo-Irish agreement, which gives Dublin a say in the affairs of the North.

It is understood that the British Government is pressing for an early meeting at official level in an attempt to resolve the problem.

Both Mr King and Mr Haughey yesterday emphasised that while the two countries had reached an impasse on certain specific security issues, overall Ango-Irish relations were not considered to have reached the same stage.

Mr King told Westminster that "serious mistakes" had been made which had damaged the reputation of the RUC. He was under no illusion about the strength of feelings of the Irish people and of Irish ministers.

He announced that an examination of possible disciplinary charges against RUC officers up to the rank of chief superintendent would be conducted by Mr Charles Kelly, the chief constable of Staffordshire. Work had already started and any charges laid would be heard by another chief constable, Mr King said.

Any involvement by more senior RUC officers is to be investigated by the Police Authority for Northern Ireland.

Mr King also announced changes to procedures, responsibilities and controls within the RUC concerning the handling of anti-terrorist operations.

These include already implemented changes designed to ensure that security operations are conducted in secrecy but are identifiable to the RUC senior command, together with measures to ensure serious incidents involving the RUC are fully investigated.

Mr Haughey told the Dail that the British decision on the Stalker issue not to prosecute officers of the RUC known to have been involved in a perversion of justice had damaged joint security operations across the border.

But he said that security co-operation would continue, despite the present difficulties between Dublin and London. It would be immoral, he said, to use security co-operation as a bargaining tool.

THE LEX COLUMN

A close call on Birmid

When the outcome of a bid battle is determined, not by price or commercial sense, but by the arithmetical abilities of a stockbroker's clerk, the rules would appear to be seriously wanting. If Birmid Qualcast has won its fight for independence after all, it should address its thanks not to its shareholders but to its advisers for insisting that the Panel should check Blue Circle's claimed wafer-thin majority.

Whatever went wrong in the counting room at Hoare Govett, the incident questions a system in which all the judging is done by the bidder and its home team. In particular, the present arrangements, which demand a speedy announcement of the result, do not seem finely enough tuned to cope with such a close outcome.

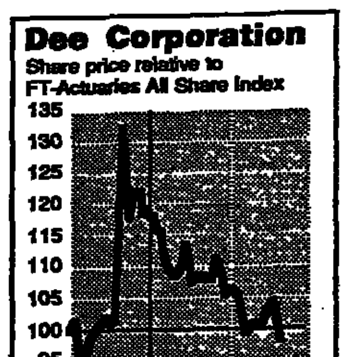
Perhaps the lack of independence of the receiving banks and brokers does not matter, given that their professional reputations hinge on doing a good job. Adding unnecessary complexity to a system which works efficiently in the vast majority of cases might also seem an unduly severe reaction. The problem only arises in the rare instance when the margin between success and failure is tiny, and, in such cases, to call in independent arbitrators would seem well worth the extra fuss.

If a mistake has been made in the Birmid battle, it is not just Hoare Govett, which has already been told off once by the Panel over its dealings in Birmid shares, that will suffer. Barings must be regretting placing that gloating quarter page advertisement in Monday's newspaper congratulating itself on the "finely judged...finely executed" nature of the bid.

Dee Corp

Though the fate of Mr Alec Monk of Dee Corp will technically hang in the balance until tomorrow lunchtime, the outcome scarcely seems in doubt. Barker & Dobson has played a bold and imaginative game, but the arithmetic always looked a little stretched. The timing, too, has turned out less fortunate than it looked; the institutions are not short of cash but of ideas on what to do with it, and the bias is in favour of inertia.

The institutions should be clear, though, on what they are letting themselves in for. B & D has scored heavily in pointing out Dee's deficiencies, but Mr Monk has doggedly defended the logic of his empire in its present form. This may be mere tactics, in which case if B & D fails Mr Monk will perhaps bow to shareholder pressure and restructure the business on his own. If not, one eighth of the UK grocery market may continue to be amateurishly run, a situation highly beneficial to Sainsbury and Tesco but not to anyone else.



One answer would be to bring in a senior retailer as chief executive. It may be, though, that Gateway is scarcely manageable in its present form, at least under a management which feels obliged to defend its past strategy. Shareholders can tell themselves that the share price now has little to lose; but since an alternative bid is scarcely to be thought of, it may have little to gain as well.

But what of B & D? Without Dee, Mr Fletcher's ambitions to return to big-time retailing will be much slower to achieve. Even building a grocery empire from small units, as Dee itself did in the past, is no longer possible. But Mr Fletcher should by no means be written off; he will have learnt much from the Dee experience, and will bear watching.

New issues

In the old days (before the crash) if a sound, nay exciting company like AMI Healthcare came to the market for £50m it might have expected offers of nearer £1bn, even on a bad day. So it does look a bit like grasping at straws to see in the 2½ times subscription of the AMI offer for sale a sign that the market is emerging from four months' mourning. After all, before things got silly, that sort of performance would have been seen as almost too tight for comfort.

Nonetheless, it is one of the first firm indications that investors are recovering their appetite. Indeed, although the market is facing what might have proved a trying week for a convalescent – a total of £160m in new issues from AMI and three other companies – there seems to be ample demand for all of it. But at a price, of course: since last October, valuations have fallen off more steeply for new issues than for the market overall and it is hard to see them closing the gap quickly. Investors seem to take the view that, while it is just possible that nothing will go wrong today, or even tomorrow, something will certainly go wrong the day after. The success of this week's issues may alleviate that gloom, and encourage the merchant bankers; but the stags, not to mention the institutions, look like being slow to take heart.

British Airways

It is just over a year since British Airways was privatised, and despite the optimistic noises coming out of Speedbird House its share price has failed to take off. But given that its third quarter profits were struck after the deduction of £18m of unrealised foreign exchange losses, a 5 per cent dip in pre-tax profits to £35m looks fairly impressive. Meanwhile, fears that the stock market crash might has damaged the lucrative business travel market have not been borne out.

Though the normal final quarter loss will be inflated by the BCal acquisition, full year pre-tax profits should still be around 50 per cent ahead at £250m, with the £50m or so cost savings from BCal providing further growth next year. At 159p, the shares are selling at roughly half the market multiple and are on a generous yield, with the result that they could outperform the market in the short term – especially if BA can realise the benefits of the BCal merger without precipitating industrial unrest.

Longer term concerns about BA's gearing levels, and its ability to digest substantial new capacity at a time when many of its markets will be slowing down, may be overdone, especially since 40 per cent of its capacity should be on flexible operating leases by mid-1989. Even so, the £18m of exchange losses in the current quarter highlight the low quality of earnings and suggest that instead of buying a 9.7 per cent stake in Hogg Robinson, BA might have been better advised to buy a stake in a good financial adviser.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Dubrovnik	S	12	54	Malta	F	15	59	Rhodes	S	13	55
Algiers	F	17	63	Edinburgh	F	9	48	Manchester	C	7	45	Rio de J'o	C	35	95
Amsterdam	C	6	43	Faro	S	15	59	Manila	S	32	90	Rome	S	14	57
Athens	S	16	60	Florence	-	-	-	Melbourne	S	26	79	Salzburg	F	7	45
Bahrain	C	20	68	Frankfurt	f	5	41	Mexico City	-	-	-	San Francisco	S	22	71
Bangkok	R	33	91	Funchal	S	16	61	Miami	C	19	67	Seoul	F	-1	30
Barcelona	F	13	55	Geneva	S	7	45	Milan	S	11	52	Singapore	C	32	90
Beirut	-	-	-	Gibraltar	F	14	57	Montreal	Sn	-2	28	Stockholm	C	2	36
Belfast	C	6	43	Glasgow	F	8	46	Moscow	C	0	32	Strasbourg	F	7	45
Belgrade	S	6	43	Guernsey	F	7	45	Munich	C	2	36	Sydney	C	23	73
Berlin	R	3	37	Helsinki	C	-4	25	Nairobi	F	28	82	Taipei	F	14	57
Biarritz	S	12	54	H. Kong	C	14	57	Naples	S	12	54	Tangier	C	15	59
Bombay	-	-	-	Innsbruck	S	7	45	Nassau	F	20	68	Tel Aviv	C	9	48
Bordeaux	S	12	54	Inverness	C	7	45	New Delhi	S	23	73	Tenerife	C	18	64
Brussels	C	6	43	Islamabad	F	23	73	New York	C	7	44	Tokyo	C	7	45
Budapest	C	-3	26	Istanbul	C	8	46	Nice	S	14	57	Toronto	C	-2	28
B. Aires	C	29	84	Jakarta	S	31	88	Nicosia	C	11	52	Tunis	S	18	64
Cairo	C	18	64	Jersey	F	9	48	Oporto	S	13	55	Valencia	C	11	52
Cape Town	S	27	81	Jo'burg	C	26	79	Oslo	C	3	37	Venice	S	7	45
Caracas	C	29	84	Lima	S	28	82	Paris	F	7	45	Vienna	C	1	34
Casablanca	F	16	61	Lisbon	C	11	52	Peking	S	1	34	Warsaw	C	4	39
Chicago	F	4	40	London	F	9	48	Prague	F	2	36	Washington	F	-1	30
Cologne	C	5	41	Los Angeles	F	22	71	Reykjavik	Sl	1	34	Zurich	C	4	39
Copenhagen	Sl	2	36	Luxembourg	Sn	1	34								
Corfu	S	14	57	Madrid	C	7	45								
Dallas	-	-	-	Majorca	F	16	61								
Dublin	C	6	43	Malaga	F	14	57								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Ford strike set to end

Continued from Page 1

on Merseyside in north-west England, which employ two-thirds of the manual workforce.

It was shop-stewards' opposition which two weeks ago overturned the national union leaders recommendation to accept a three-year agreement.

At Dagenham, shop stewards at the assembly plant, which employs about 4,000, will recommend rejection. In 1986 workers there voted to accept a two-year deal despite the stewards' recommendation to reject it.

However, stewards at the engine plant and the small export plant said they expected an overwhelming vote to accept the deal.

Stewards representing 8,000 workers at Halewood said they were recommending rejection because they felt the company could afford to improve its pay offer and cut working time. They predicted a close vote in favour of the agreement.

Significantly, stewards at the key Bridgend engine plant, one of the most militant plants, will recommend acceptance.

● Several hundred workers at Land Rover, the Birmingham based vehicle maker walked out for 30 minutes yesterday after the company disclosed it had conducted a private poll to test support for strike action.

Saudi oil industry

Continued from Page 1

ued to be very active in the operation through the Delaware-based Aramco Services Company (formerly known as Stemco) and been paid for their assistance on a per barrel fee basis.

As a start, the Ministry of Oil and Minerals is in the process of merging lube blending and marketing facilities plants into a separate company.

It is understood that Mobil, which has a minority stake in the Petromin Lubricating Oil, will have a proportionate interest in the amalgamated entity

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday February 18 1988

Aetna up 5.5% at $228m but Cigna slips to $190m

BY JAMES BUCHAN IN NEW YORK

AETNA LIFE & Casualty and Cigna, two of the largest US composite insurance companies, reported mixed fortunes in the 1987 fourth quarter because of the turmoil in financial markets and dismal conditions for health insurance.

But the two companies, which are the first and third largest shareholder-owned insurers, continue to enjoy strong results from their property/casualty business despite growing competition.

Aetna said yesterday that its net income from operations rose only 5.5 per cent to $228m or $1.98 a share in the December quarter, to give earnings for the year of $867m or $7.48 a share as against $714m or $6.18 a share.

But Aetna had to realise a loss of $20.2m on its portfolio of stock and bonds in the turbulent markets of the fourth quarter while various extraordinary items reduced net income to $197.5m or $1.71 a share as against $284.9m or $2.48 a share. Final net income for the year fell from $1.04bn or $9.12 a share to $920.6m or $7.95.

Cigna suffered a fall in operating earnings from $205.5m or $2.43 a share to $190.8m or $2.31 a share in the fourth quarter, to give a 1987 operating result of $681.3m or $8.06 a share as against $534.9m or $6.34 a share.

But the company had realised losses of $32.5m in the quarter, which helped reduce final net income to $134.7m or $1.60 a share from $317.1m or $3.80. The full-year result was $728.3m or $8.64 as against $817.3m or $9.92.

Insurance premiums fell in the fourth quarter at Aetna, from $4.31bn to $4.25bn, and rose only modestly at Cigna, from $3.21bn to $3.49bn. Income on the investment of these premiums was weak because of the turbulent markets, with an increase of only 6.6 per cent at Aetna and 3.9 per cent at Cigna.

Both companies enjoyed strong results from property/casualty underwriting, although the recovery in premium rates has faltered amid increasing competition.

Property/casualty operating income in the fourth quarter at Cigna rose from $69.7m to $104.6, although this included $29.8m in special tax benefits. At Aetna, earnings from commercial insurance rose from $62m to $95m, while automobile and homeowners insurance also improved.

But spiralling health-care costs and weak premium increases cut deeply into group health insurance profits, with a decline in fourth-quarter operating income from $64m to $11.7m. Aetna's employee benefits division saw operating earnings fall from $87m to $61m.

Johnson & Johnson profits up to $833m

By Our New York Staff

JOHNSON & JOHNSON, the large US health and household products company, earned $163m or 95 cents a share in the last quarter, 15 per cent up on the $142m or 82 cents made from operations a year earlier.

The company's quarterly sales increased by 16 per cent to $2.03bn.

For 1987 as a whole, Johnson made net profits of $833m or $4.83, an increase of 17 per cent on the previous year's $710m or $3.98. The group's annual sales were 14 per cent up at $8.01bn.

The 1986 results used for comparison excluded one-time charges of $380m in the year as a whole and $45m in the fourth quarter.

As a result of these charges, Johnson's reported net profits in 1986 were $330m for the full year and $97m for the fourth quarter.

Johnson's international sales increased faster than domestic sales, largely as a result of currency translation benefits from the lower dollar.

For 1987 as a whole, domestic revenues increased by only 4.9 per cent to $4.17bn, while international business surged ahead by 26.9 per cent to $3.84bn.

Johnson said the fall in the value of the dollar accounted for $367m of revenue gain in 1987.

Earlier this week, the company reported it had agreed to pay $726m for most of the assets of Playtex, the US personal products group, taken private in a leveraged buyout 14 months ago.

Analysts said the acquisition of the Playtex Holdings unit which makes tampons would enhance Johnson's position in a fast-growing and profitable segment of the $1.5bn sanitary protection market.

UK'S TAKEOVER PANEL ORDERS INQUIRY INTO COUNT IN BIRMID BID BATTLE

Doubt over Blue Circle 'victory'

BY MICHAEL SMITH IN LONDON

THE OUTCOME of the £275m ($467m) takeover battle between Birmid Qualcast, the British home products group, and cement company Blue Circle was last night thrown into confusion after the Takeover Panel ordered an investigation into the count.

The inquiry by the Panel, which monitors UK takeover activity, centres on fears that Blue Circle's victory claim last week may have arisen because of double-counting of Birmid shares which Hoare Govett, Blue Circle's broker, bought in the market.

Hoare was unavailable for comment but it is understood that the mistake, if confirmed, could deprive Blue Circle of victory in what has become one of the closest bid contests in UK corporate history.

The broker discovered its "arithmetical error" on Tuesday after the Panel asked Blue Circle and its advisors to undertake a full review of purchases and acceptances from Birmid shareowners. National Westminster Bank, Blue Circle's receiving bank, was yesterday checking the figures.

Mr Alan Emson, Birmid finance director, was yesterday answering the telephone with the greeting: "Houdini and company." Birmid was doing nothing "until the powers-that-be check everything" but he hoped it could escape with its independence.

Confirmation of an error would severely embarrass Hoare, which last year was rebuked by Panel because of earlier share purchases in Birmid. Last March the Panel said the broker breached the takeover code when it bought Birmid shares, on behalf of Hepworth Ceramic, from Hoare Govett Securities, the market-making arm of its parent.

The inquiry also focuses attention on a system which relies on a bidding company and its advisors to conduct the count in takeover battles. Corporate financiers were speculating yesterday that the investigation may lead to demands for independent scrutineers in future takeovers.

Birmid's request for a Panel check on the final stages of the bid resulted from the narrow margin of Blue Circle's claimed victory rather than from any suspicion of a rules infringement. After the bid closed on Saturday the cement company claimed to own, or have acceptances from owners, of 50.01 per cent of Birmid equity.

This meant that of 72.28m shares in issue, Blue Circle exceeded the 50 per cent winning post by just 9,300. The decision of just one shareholder could have swayed the vote.

Blue Circle believes it can win even if double-counting is shown. When it claimed victory on Saturday it did not include in the 50.01 total about 40,000 shares which Hoare Govett had bought, because the ownership transfer forms had not been received. Another block of shares was not included because previous owners had filled in the forms incorrectly.

Rule 10.5d of the Takeover Code states that share purchases may be counted only if "an executed form of transfer... has been delivered to the offeror." Blue Circle will, however, argue that Hoare held binding purchase contracts and the relevant share certificates.

Mr Antony Beevor, Panel director-general, hopes a ruling can be made by the end of the week. An appeal is expected and is likely to be heard by the full Panel early next week.

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ITT hits $447m on STC sale

BY OUR NEW YORK STAFF

ITT, the biggest US conglomerate which is divesting businesses to regain its profit momentum, reported a quadrupling of fourth-quarter earnings to $447m or $3.01 a share, thanks to a big capital gain on the sale of its UK telecommunications operation.

The group, which has businesses spanning industrial production, hotels, forest products and financial services, booked a gain of $252.8m or $1.68 a share on the sale of its 24 per cent interest in STC. Even without the gain, earnings were well ahead of the $101m or 66 cents a share recorded in the 1986 fourth quarter.

Revenues were up 9.3 per cent at $5.2bn in the quarter, including a 7.7 per cent increase in insurance and finance revenues to $2.8bn.

For the year, in which all of ITT's main businesses, except defence technology, advanced, the company reported earnings, including the STC gain, of $1.02bn or $6.76 a share, against $494m or $3.23. Revenues rose 12 per cent to $19.5bn, with a contribution of $11bn from insurance and finance, also up 12 per cent.

ITT's 37 per cent share in Alcatel, the Continental European joint venture which absorbed the company's telecommunications equipment business in 1986, contributed $73m or 49 cents a share last year, against $56m or 37 cents.

Telerate expansion in Italy

By John Wyles in Milan

TELERATE, the leading US supplier by computer of financial information services, is to combine forces more directly with Radiocor, its smaller Italian counterpart which was acquired by Olivetti in October 1986.

The two companies' present joint venture, Telerate Italia Srl, will be fully acquired by Radiocor as part of a deal in which Telerate will take a 46 per cent stake in the Italian parent company.

This will be achieved through a L6.8bn ($5.4m) capital increase to be purchased entirely by Telerate.

The US supplier is majority owned by Dow Jones, the US business publishing group which owns the Wall Street Journal.

Radiocor will maintain its present structure and continue to operate as a press agency.

Remy waits for Martini bid reaction

BY HAIG SIMONIAN IN FRANKFURT

REMY MARTIN, the family-owned French cognac company which is bidding to buy Benedictine, the French liqueur concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid.

"It is too early to answer whether we will make a further offer", said Mr Marc Heriard-Dubreuil, co-president of the group at meeting with German analysts in Frankfurt yesterday.

The offer by Martini, which is technically based in Switzerland, needs French government approval because it comes from outside the European Community.

Mr Heriard-Dubreuil repeated his company's desire eventually to go public. A flotation could either involve Pavis, the family holding company which owns 51 per cent of E. Remy Martin, the cognac producer, or Remy & Associes, which controls the group's other wine and spirit intersts and is wholly owned by E. Remy Martin.

Navistar jumps to $59m but misses target

By Anatole Kaletsky in New York

NAVISTAR International, the leading US manufacturer of heavy trucks, earned $59.7m or 21 cents a share from continuing operations in its first quarter ended January 31, compared with $14.3m or 5 cents a year earlier.

Despite the four-fold profits increase, the company's performance fell below its own expectations.

Mr James Cotting, chairman, said the latest results had fallen $15m below target.

He attributed the shortfall to higher than planned start-up costs at two facilities – a foundry in Indiana and a paint shop in Ohio.

He added that the build-up of production at the two plants was expected to continue until May.

Spurned Campeau raises Federated tender offer

BY DAVID OWEN IN TORONTO

CAMPEAU, the Canadian property group, yesterday responded to the latest rejection of its bid for Federated Department Stores of the US by formally increasing its tender offer for Federated stock to US$61 a share from its $47 opening bid. The new offer will expire at midnight on March 1.

The rebuttal was described as "outrageous" by Mr Robert Campeau, Campeau's outspoken chairman. On Tuesday, Federated rejected an increased $66 a share cash offer by Campeau

However, Campeau made clear yesterday that if Federated agreed by midnight on February 21 for Campeau to acquire all outstanding Federated stock, the price to be paid in the tender offer would be $66 a share.

Analysts interpreted Campeau's latest tactic as a further attempt to put pressure on the Federated board to maximise shareholder values by agreeing to be acquired in full.

Mr Harry Rannala, of Merrill Lynch Canada, said: "There is a big difference between taking the whole company and just a controlling interest."

Federated had also said on Tuesday that it was considering a restructuring plan, which would involve the sale of most of its non-department store assets, the possible issuance of preferred stock, and either an extraordinary dividend or the repurchase of more than 50 per cent of its outstanding stock.

In rejecting Campeau's $66 approach, Federated said its board concluded that Campeau did not have the financing for such a transaction and that its ability to arrange financing continued to be questionable.

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The Division, which is about a year old now, is very much an independent business in its own right, fully accountable and having separate financial accounts and budgets.

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This diverse and highly challenging role demands a qualified accountant or finalist of exceptional ability. Sound relevant experience is essential, as is proven managerial ability, strong communication skills and a high level of self-motivation.

In addition to a starting salary of up to £20,900 pa, we offer an attractive range of benefits including a contributory pension scheme, health and welfare services and 23 days' holiday. There are excellent prospects of further career development both within the District and throughout British Telecom.

Please write with full C.V., quoting reference PS 44, or telephone for an application form: Steve Jackson, Recruitment Department, British Telecom West End District, Dial House, 151 Shaftesbury Avenue, London WC2H 8BA. Telephone Freefone 2172 or 2173 (London area only).

British Telecom is an equal opportunities employer.

British
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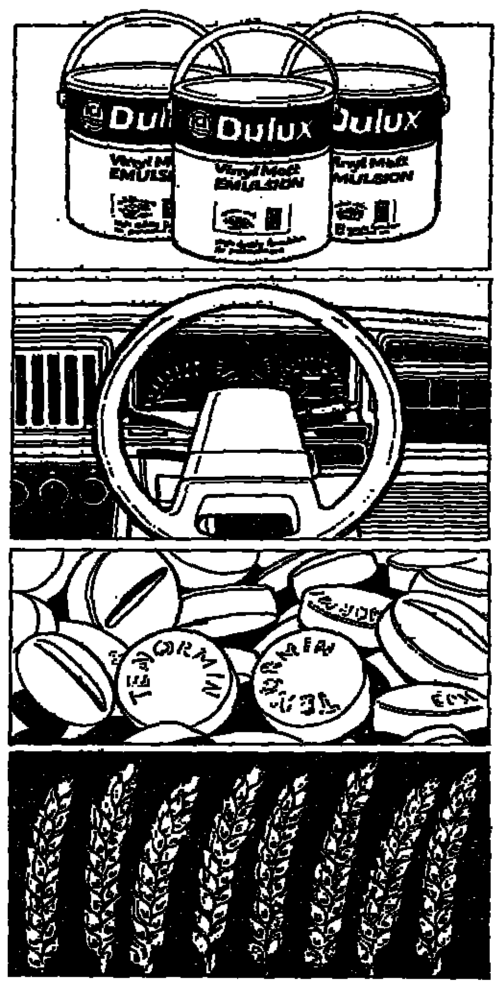
Qualified
Accountants
Can....



Make it to the top

Newly qualified accountants acquire management skills very early in their career at ICI.

Initially, successful applicants will obtain broad-based professional experience in many aspects of business accountancy, financial systems and control.

Subsequent career development opportunities will also arise in areas such as taxation, treasury management, audit and financial services.

ICI is a leading exponent of today's enterprise culture, deeply rooted in success and determined to grow in its position as one of the world's top chemical companies.

Young accountants will start on this exciting career with a package worth about £20,000. (Negotiable according to experience and location).

Vacancies currently exist in London, the South East, North East and North West of England, and relocation assistance will be offered where appropriate. Interviews will be held in Central London and in South Manchester.

To apply, please send a full CV to:

For London interviews –

David Croft, Controller's Dept, ICI Group HQ, 9 Millbank, SW1P 3JF.

For Manchester interviews –

Brian Thompson, Accountancy Dept, Pharmaceuticals Division, ICI Plc, Alderley Park, Macclesfield, SK10 4TF.

ICI World Class

Divisional Finance Director

**West Midlands
c £28,000 plus bonus plus car**

Our client is a highly successful and fast-expanding publicly quoted Industrial Group with exciting growth prospects both in the UK and overseas. The group is organised on a divisional basis for management purposes and is now looking to appoint a Financial Director to a newly formed division which has a turnover in excess of £40m.

The person appointed will work closely with the Divisional Chief Executive with the objective of maximising the Division's profit potential. Additional responsibilities will include action to improve the division's cash flow and ensuring that each company in the division has appropriate financial and management control systems. The initiation and review of capital expenditure and acquisition proposals will also be an important feature of the role.

The requirement is for a high calibre executive who is currently heading up the financial function of a substantial company and is in the 35 to 45 age range. Experience of manufacturing is essential. This is a challenging appointment and an excellent opportunity for an ambitious and highly motivated individual.

Salary will not be a limiting factor for the right candidate.

Candidates should write in strict confidence enclosing a full CV and salary details quoting MCS/8810 to Steve Redwood,
**Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham B3 2JB.**

Price Waterhouse

SYSTEMS EVALUATION AND REVIEW

c. £24,000 + Benefits
Central London

Our client is a major retail organisation with an impressive record of innovation, growth and profitability.

Joining a small professional team within the audit department, you will have responsibility for the review and evaluation of new computerised systems. Working on specific projects you will be involved throughout all stages of systems development.

Providing specialist advice and assistance to line management, the emphasis of this appointment is on the analysis of problems and recommendation of solutions. This key role offers exposure to a variety of systems and a broad range of computer products. Career prospects are excellent.

Candidates are likely to be qualified Accountants with experience of computerised systems, preferably based on IBM Mainframes. Knowledge of computer assisted audit techniques would be advantageous. Candidates should be innovative and have the desire and ability to influence change.

A first class benefits package includes a non-contributory pension scheme, free life assurance and profit sharing after a qualifying period.

Please apply directly to Jeff Grout at Robert Half, Walter House, 418 The Strand, London WC2R 0PT. Telephone 01 638 5191/ 01 836 3545 (days), 01 948 4712 (evenings).

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ROBERT HALF

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We are the professionals who can advise and help you. *Since 1980,* Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced job search time.

Contact us for an exploratory meeting. It is without charge and we will tell you if we can help and at what cost; it may be easier than you think.
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**London: 32 Savile Row, London W1X 1AG. Tel: 01-734 3879 (24 hours).
Bristol: Maggs House, 78 Queens Road, Clifton BS8 1QX. Tel: 0272-226933.**

Connaught

FINANCIAL CONTROLLER

£20,000 + (neg.) plus car

A rapidly expanding Security Company with 4 branches requires a dynamic accountant to take responsibility for the running of the computerised accounts department reporting to the Managing Director.

The duties of the position will include statutory and management accounts, budgets, expenses and credit control. Accountants who have had relevant experience including computers and are looking for a challenging position with good future potential should write, enclosing a full C.V. and marking the envelope confidential, to the Managing Director,

Securiplan Ltd.,
Hermes House, 1 Ridge Road,
London, NW2 2QR

Divisional Finance Controller

THAMES VALLEY — c £25,000 + Car + Benefits

Our client is part of a highly successful group, operating both in the United Kingdom, and internationally.

As a direct result of strategic planning, one of the major divisions is now actively expanding through acquisition into a number of varied business areas. It is therefore essential to appoint a financial controller to assume full responsibility for the divisions finance function, reporting to the divisions finance director.

Candidates for this appointment will be graduate qualified accountants aged late twenties to early thirties, who have gained sound corporate and operational experience since qualifying who wish to join a challenging and expanding organisation.

Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: S409.

MOORES & ROWLAND

**Cliffords Inn
Fetter Lane, London EC4A 1AS**

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

FINANCE DIRECTOR

Central London c.£35,000 + car + equity

The rapid growth plans of this young property development consultancy company, necessitates the appointment of a finance director to play a key role in taking the company to the Stock Market for a full listing this year. As well as representing the company to the City, the appointee will work closely with the chief executive in the development and control of new business.

Applicants must be qualified accountants with a sound knowledge of the workings of the City and broad accounting experience, ideally gained within a property development environment. Essential requirements are the confidence and credibility to negotiate and liaise with financial institutions and the ability to contribute to commercial decision making.

Please send career and personal details quoting reference F/178/A to Carrie Andrews.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace, London SE1 7EU.

FINANCE DIRECTOR

London c. £35,000 + Car + Benefits

Soto Sound aim to provide the most competitive, professional and tailor made service for retailers of entertainment software products. The combination of management experience and unique buying and product selection expertise is backed by sophisticated computer and management resources resulting in one of the largest and most efficient distributors of CDs, tapes, albums and singles in the UK. In 1987 turnover was £32 million and the Group is set to achieve a 30% growth rate in 1988. Major clients include Boots, Tesco, Asda and Virgin.

To enable them to realise ambitious expansion plans for their UK and European operations, they now wish to recruit a strong and talented Finance Director to complete the highly successful management team who will drive the company forward. The appointed candidate will play an active role in the management of the business, providing strong commercial support to the Board and the financial input to all future planning and strategic decisions.

The ideal candidate will be a young qualified accountant, who can demonstrate technical competence in all aspects of financial management and control. In addition it is important that candidates should have gained senior level financial experience in a forward thinking commercial operation, either a small company, or subsidiary of a large group. They should have a flexible and creative approach to problem solving and future planning and the energy and commitment to make things happen. Excellent communication skills and a mature and confident personality are essential to gain the respect and co-operation of colleagues and ensure credibility with external advisors and City institutions.

Please reply in confidence, enclosing full CV and quoting reference S7773/L to Joanna Corr.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London, EC4V 5BR

STEP INTO FINANCIAL SERVICES

GROUP CONTROLLER

London c.£35,000 + Car + Share Options + Benefits

A fast-growing financial services group marketing a wide range of savings, investment, pension, and mortgage products is developing ambitious growth plans for the next five years and beyond. A key ingredient in the success of these plans will be robust financial management in a fast-moving environment including the upgrading of already sophisticated financial management systems.

As a result, they are seeking a particularly able and commercially-aware chartered accountant to assume the position of Group Financial Controller. The Controller will be expected to make a significant contribution to the overall direction and management of the Group and to develop stronger financial information and control systems.

Probably in your thirties, you will possess at least five years' post-qualification experience, perhaps gained from within a financial services environment, including some management accounting, investment, and man-management exposure.

There are outstanding prospects for career and personal development and the comprehensive benefits package includes share options, company car, mortgage subsidy, pension scheme, health and life insurance, etc.

mh

Please write enclosing full cv, quoting Ref: A100, to **Ian Hetherington** at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 01-488 4114.

MERVYN HUGHES

High Growth Service Company – Directorship Opportunity

Financial Controller

South Middlesex c£30K +Car+Benefits+Relocation

Our client is the UK instrument and computer service subsidiary of an international group (plc) with a £100m turnover.

The UK subsidiary with a profitable turnover of £10m employs 100 people and continues to enjoy a substantial rate of growth. Its business is the supply of test and measurement instruments, and computer equipment for short term rental. The company has developed an excellent reputation for a professional rapid service, with the customer being all important in this competitive market place.

The company now seeks to appoint a Financial Controller who will report to the UK Managing Director. You will be responsible for a team of 12 people and the full financial and administrative function including monthly accounts, receivables, MIS, purchasing and general administration. Particular emphasis will be placed initially on improving internal controls and EDP systems, and promoting a team spirit. Subsequently in developing a wider commercial role, it is intended that a full directorship be offered within 18 months or so. Additionally you will undertake the role of Company Secretary and will therefore be represented on the local board.

Appropriate candidates will be qualified accountants aged 33-42 preferably with several years experience in the service or distribution industry. You will be a good communicator, creative and enthusiastic with a "hands-on" style and a "team player" approach.

The remuneration includes a substantial basic salary, an incentive bonus scheme, company car, contributory pension scheme and a medical scheme. Where relevant, relocation assistance will be given.

If my client's requirements match your career aspirations I would be pleased to receive your cv in application:–
Wayne Thomas,
Executive Division, Michael Page Partnership,
Kingsbury House, 6 Sheet Street,
Windsor SL4 1BG.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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SA
SMITH ASSOCIATES LTD.

FINANCE DIRECTOR

■

CONSULTING SYSTEM ENGINEERS
GUILDFORD

Smith Associates, Britain's leading independent firm of consulting system engineers, is a centre of excellence providing support in advanced technology to a growing number of government and industrial clients. The firm wishes to appoint a Finance Director to be responsible for its entire financial and administrative functions. The particular challenge of the position is to add the financial leadership necessary for the firm's continued success.

■

The ideal candidate will be a Chartered Accountant, aged 30-35 with several years commercial experience. A salary of c. £35,000 p.a. plus bonus is offered, together with equity participation, a car and other benefits.

■

Please apply with curriculum vitae to: Dr. H.J. Pearson, Director, Smith Associates Limited
Surrey Research Park, Guildford, Surrey GU2 5YP

GROUP FINANCIAL CONTROLLER

(DIRECTOR DESIGNATE)

Rural Lincolnshire c£30,000 + executive car

Our client is rapidly becoming a major force in the food industry, with trading, processing and manufacturing operations in England and Scotland, it is the UK market leader in a number of niche businesses. Its turnover of £100m is generated from sales into the domestic market place and also from an extensive export business.

This fast moving and successful group now requires an entrepreneurial professional Accountant to help take them to the next stage of their development.

Reporting to the Group Managing Director, your role will be to interpret and advise on all financially related matters, ensuring strict financial control and reporting procedures are adhered to. Your commercial instincts will help you deal with foreign currency transactions, cash management and treasury matters, enabling you to use your excellent negotiating skills. You will have both direct staff and functional links reporting to you – so your communication and motivation skills will be tested. Your technical abilities should also be excellent, as forecasting, systems and performance assessment will be a regular feature of your duties.

This is a demanding and exhilarating position that will test you to the utmost. To succeed, you will need to have a strong personality, and proven leadership qualities, having already achieved considerable success in your career to date.

We see this as an ideal move for a very ambitious person (aged 28-40) looking to make a significant contribution in a tough, challenging, but rewarding environment.

Success is expected to lead to a Board appointment.

Relocation expenses will be paid where necessary.

Please contact Lawrence Barnett at our Manchester office quoting reference number B160.

ASB
ASB RECRUITMENT LTD

Eagle Buildings, 64 Cross Street,
Manchester M2 4JQ Tel: 061-834 0618

Trident House, 31-33 Dale Street,
Liverpool L2 2HF Tel: 051-236 9373

CONTROLLER

SW Midlands £30K package + car

Our client is a well established subsidiary of a major British international quoted company, manufacturing and marketing a distinctive range of high quality products, and is a market leader in several key sectors of its business.

After a recent promotion, a senior executive is sought to assume responsibility for the finance function. Reporting to the Finance Director, responsibilities will include all aspects of financial accounting, management reporting, budgets and forecasts, with a strong emphasis on the development of the existing manufacturing costing systems.

Candidates, male or female, must be qualified accountants aged in their 30's ideally with experience in manufacturing and consumer goods and having a background in sophisticated financial environments.

This is an excellent opportunity for a commercially orientated, ambitious and disciplined Controller to make a significant contribution as a stepping stone to further promotion within a progressive Group.

Please reply in confidence to Michael Hann, Bull Thompson & Associates Ltd, 63 St. Martin's Lane, London WC2N 4JX, enclosing full career details and quoting reference 1415.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 3rd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £47 per Single Column Centimetre; Special positions are available by arrangement @ £57.00 per SCC.

GUIDE TO RECRUITMENT CONSULTANTS

Entries in the guide will be charged at £70.00, which includes your Company name, address and telephone number. Any additional information will be charged at £12.50 per line.

For further information please contact:
Louise Hunter
Appointments Advertisement Manager
or your usual
Financial Times Representative
on 01-248-8000

SENIOR EXECUTIVE

Finance and Administration

South Pacific Airline

We currently seek a key individual within our organisation to play a major role as the mainstay of the finance and administration department. With a wide range of responsibilities, you will need to have worked closely with the airline industry for some time, and be familiar with all aspects of the accounting function.

Within the organisation you will be responsible for five units – Finance, Properties & Facilities, Communications, Data Processing and Transport. However, the primary function is to ensure the long term profitability of the Airline by both close monitoring of the day to day operations together with sound planning.

An attractive relocation and benefits package is offered which reflects the senior nature of the position and includes a generous salary plus 24% gratuity paid annually. Furnished housing is provided along with subidised school fees, a motor vehicle, 6 weeks annual leave and free travel plus access to airline concessional travel arrangements.

The Airline is based in a stable democratic nation in the South Pacific with a warm sunny climate year round. Abundant social facilities include all water sports, tennis, golf, restaurants and family clubs. International schools for primary and secondary students are located in the capital.

To apply – please send a comprehensive c.v. or phone quoting reference no. 3335 to: Peter Murtagh, at Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London, W1N 6JJ. Tel: 01-631 4411.

MOXON·DOLPHIN·KERBY
INTERNATIONAL SEARCH & SELECTION

FINANCIAL DIRECTOR

c£35,000 + Car

P R CONSULTANCY, CENTRAL LONDON

Internal promotion has created an outstanding opportunity for a young (max age 35) qualified accountant to join this highly successful and prestigious PR consultancy. In addition to managing a substantial accounts team and developing the company's computerised systems, you will work closely with the Managing Director and play a significant role in directing the company during a phase of continued growth. Ref. DFP 3100.

To find out more about this position, or the range of other opportunities currently available, please contact
Stewart Wright, Manager, Accountancy Appointments
Telephone 01-408 1694 (out of hours 01-851 2502)
2 SWALLOW PLACE, LONDON W1R 7AA

Management Personnel
RECRUITMENT SOLUTIONS
LONDON · GUILDFORD · ST. ALBANS · WINDSOR

European Finance Director

North London **c£35,000 + Benefits**

As an autonomous and highly innovative UK based subsidiary of a North American software group, our client is acknowledged as market leader in its specialised and highly competitive field, where it is currently enjoying a period of substantial growth and profit improvement.

As a key member of the executive team, the Finance Director will be expected to provide advice and direction concerning the Company's strategy in addition to assuming full responsibility for managing the finance function. This highly challenging role will therefore enable an ambitious commercial individual the opportunity to make a significant contribution to the general management of the business.

The demands of this position are such that the successful applicant will be aged between 27 and 35, a qualified accountant, technically sound, with good knowledge of US reporting requirements, ideally gained in a marketing driven organisation. Experience of developing computerised accounting systems is highly desirable. More importantly, well developed interpersonal skills, business acumen, and the ability to work under pressure are prerequisites.

The attractive remuneration package will also include equity participation together with normal executive benefits.

To be considered for this genuinely commercial position, write enclosing a comprehensive curriculum vitae and daytime telephone number to Tony Martin, Executive Division, 39-41 Parker Street, London WC2B 5LH, quoting ref. 491.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Strategic Consultancy

London **c.£45,000**

We are currently acting for an international firm of strategic consultants with an established reputation among the leading firms in this field.

As part of a planned programme of growth they are now seeking to recruit a number of consultants to join their firm. Career prospects are excellent and will lead to significant career advancement both in the short and long term.

Candidates will be aged between 26 and 32, will have a recognised University degree with a minimum upper second grade, an MBA from a major business school and/or a professional qualification. Evidence of achievement in the candidate's personal and professional life will also be sought.

Interested candidates should write, with curriculum vitae, to Paul MacIldowie ACA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH quoting ref. 492.

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Controller

package negotiable

Abbey National Estate Agency Limited is one of several subsidiaries to result from Abbey National Building Society's expansion and diversification. As such, we can offer a young, recently-qualified and ambitious Accountant a challenging career as our Financial Controller.

We are rapidly acquiring additional chains of estate agents and this year we expect to build up a branch network of around 350 offices, with 60/70 local accounting centres providing their information via computer to the central accounting function.

The size and volume of this process, combined with the complexities of extracting proper accounts from a mixture of partnerships and limited companies, means the role of Financial Controller is crucial to the success of the company.

Reporting to the Commercial Manager, you will deal directly, and on equal terms, with the Senior Managers in the Society's Finance and Accounts Department. You will develop new accounting procedures, provide vital management reports and recruit, train and motivate Accounts Managers.

The competitive salary is accompanied by excellent benefits including pension scheme, concessionary staff mortgage after the probationary period and relocation assistance where appropriate.

Please send full career and salary details to Graham Goold, Manager — Personnel Services, Abbey National Estate Agency Limited, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications, which are invited from all sections of the community, is 4 March 1988.

Cornerstone
ABBEY NATIONAL Estate Agents

Taxation Accountant

c£21K + Lease Car

Grow with one of the UK's fastest growing companies

The Nissan (UK) success story over the past 2 years is, to say the least, quite astonishing. Since the first "Bluebird" rolled off the production line in July 1986, our turnover has grown to around £300 million.

We are currently embarked upon an additional £216 million investment programme which will increase turnover by the early 1990's to over £1 billion as we make major inroads into European markets.

Reporting to the Finance Manager your prime responsibility will cover all group taxation affairs including UK and international corporate tax planning and compliance, V.A.T. and personal taxation related issues. You will also be expected to make a significant personal contribution to a wide range of business planning and policy-making activities.

Probably aged late 20's – mid 30's, you should be a qualified accountant or taxation specialist with a proven track record in commerce, industry or a professional practice. The drive and ambition to develop your career to keep pace with our growth is essential.

Salary will reflect ability and experience. Excellent benefits include relocation assistance to an attractive, relatively low cost housing area in the North East. Based in Washington, the Nissan plant is around 10 miles from Durham and the coast.

Please write with full details, or telephone for an application form, to: The Personnel Manager, Nissan Motor Manufacturing (UK) Ltd., Washington Road, Sunderland, Tyne & Wear SR5 3NS. Tel: 091-415 0000.

NISSAN

Financial Controller

A head for world-beating figures

£30,000 + Prestige Car

The story of Prime Computer is all about arriving first – in product development, and in the global marketplace. Our major innovations in the manufacture of state-of-the-art minicomputers have led to rapid corporate growth – our worldwide turnover last year approached the billion-dollar mark, and we were ranked 337 by Fortune 500. With such power at our fingertips, there are no barriers to our future.

Our U.K. Sales & Marketing division, closely linked to the U.S. parent, accounts for revenues of £80m – and to keep command over them, we'll need you to harness your power alongside ours. The brief encompasses financial accounting & reporting, budgetary management, day-to-day liaison with bankers, payroll control . . . and integration of our latest acquisition. Your accounting and man-management expertise will be fully extended as you lead – and motivate – a highly qualified 20-strong Finance department.

Well-qualified and with highly developed business knowledge, your credibility will come from your substantial experience, perhaps gained in the multi-national computer industry. The Prime way is all about promoting success: in addition to the superb financial rewards, you will have every opportunity to further develop your career with Prime. Your first step? Please write enclosing a brief cv to Helen Rooms, Human Resources Manager, Prime Computer, 2–4 Lampton Road, Hounslow, Middlesex TW3 1TW.

Prime™

Financial Analyst

W. London **c. £28k + 2 litre car**

This is an opportunity to join a household name group with diverse interests in the UK and abroad and contribute to a rigorous programme of profit and asset management improvement.

You will be a member of a small highly skilled team working on performance reviews, ad hoc studies in support of acquisitions and disposals, the analysis of major investment proposals, the review of annual budgets and five year plans, and providing up to the minute data on competitive performance standards.

In the age range 28-35 you should be:

- a highly numerate MBA with a financial bias or a qualified accountant with analytical or review experience
- in possession of 4/5 years experience preferably in a major multi-national business. A period in management consultancy could be relevant

A practical problem solving approach is required together with the ability to communicate with Management at all levels.

The substantial salary and benefits package reflects the importance of the appointment.

Contact John Gregory at John Courtis & Partners 855 Silbury Boulevard Central Milton Keynes, MK9 3ND demonstrating your relevance clearly and quoting 5162/FT. Both men and women may apply.

JC&P Management Selection and Search
London, Milton Keynes, Northwich

Financial Controller

WEST LONDON **To £25,000 + Car + Benefits**

Our client is one of the World's leading manufacturers, wholesalers and retailers of exclusive luxury leather goods, fashion accessories and fragrances.

The UK subsidiary is poised to expand significantly over the next few years and the company therefore wish to appoint a financial controller to oversee all the UK financial activities.

Candidates for this appointment will be qualified accountants aged 24 to 30 years who have had a minimum of 2 years commercial/industrial experience since qualification. This position represents an excellent opportunity to join an exciting international company which can offer excellent career development opportunities.

Please send a full C.V. with handwritten covering letter to Mr. R. N. Collier quoting reference: H381.

MOORES & ROWLAND

**Cliffords Inn
Fetter Lane, London EC4A 1AS**

MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

Chief Executive

East Anglia **Salary c£35,000 + Car + Benefits**

Our Client is a major provincial professional practice which has enjoyed substantial growth in recent years. To consolidate and continue its planned expansion, the Firm, which places a premium on service, has identified the need to appoint a Chief Executive to play a crucial role within its financial management and professional structure.

Reporting to the Senior Partner, the appointee will be responsible for all aspects of the Firm's Strategic Planning and support management, including financial reporting, areas which are considered vital to the continued development of the business.

Candidates who are likely to be aged between 35-45 will be business orientated with a proven track record and possibly a financial professional qualification, who can demonstrate strong personal attributes, good communication skills, total commitment, the ability to command the confidence of Partners. They will be senior managers with outstanding commercial, financial and organisational experience likely to have been gained in a service or partnership environment where computer systems are considered an aid to management.

Interested candidates, who meet these demanding criteria, should send a detailed CV, including your current salary, to Don Day FCA, quoting reference LM683, at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FLEMINGS

NEWLY QUALIFIED ACCOUNTANT
FOR POSITION OF CHIEF ACCOUNTANT
WITH JARDINE FLEMING TOKYO

Jardine Fleming is a Leading Far East Merchant Bank of which the Tokyo Branch is an integral part. The office is a major non-Japanese Securities House with a seat on the Tokyo Stock Exchange.

Post-qualification experience of 6 to 18 months' training is required working in a medium/large firm. Remuneration will be a competitive expatriate package.

Applicants should write enclosing their curriculum vitae to:

Frank Smith
ROBERT FLEMING & CO LIMITED
25 Copthall Avenue
London EC2R 7DR

Treasury Manager

West London **to £20K + large Group benefits**

Our client is a major European Division of a well established and successful international consumer products firm engaged in the development, manufacture and sale of a wide range of products.

As a result of internal promotion and reorganisation they now seek a newly or recently qualified accountant (ACA, ACCA, ACMA) who will report to the Finance Manager and be responsible for the UK banking, cash planning and disbursement activities. Previous experience within a Treasury function would be an advantage but is not essential.

Ideally in your early-mid 20's you will have commercial awareness, well developed communication skills and the ambition to progress and succeed in a fast moving environment.

In addition to the competitive salary quoted, benefits include a non-contributory pension & life assurance scheme, discounted BUPA membership, bonus, 5 weeks holiday etc. Relocation assistance is available where appropriate.

Please write with detailed CV and daytime telephone number to:-

**Vinit Vedi (Ref: TM744), Dirk Degenhart & Partners Ltd., Management Search & Selection, Swan Centre, Fishers Lane, London W4 1RX
Tel: 01-995 1331 (daytime); 01-560 5619 (evenings)**

James G. Medlock & Sons Ltd.
WHOLESALE ELECTRICAL DISTRIBUTORS

QUALIFIED ACCOUNTANTS

FINANCIAL CONTROLLER (DIRECTOR DESIGNATE) **NTH. LONDON**

James G. Medlock & Sons Limited, a well-known name in the electrical wholesaling industry is entering an exciting new era of growth. Reporting to the Managing Director the Financial Controller will improve Real Time computer systems, financial control, prepare management reports and play a key management team role in running and developing the business. Accounting/D.P. systems experience and good man management skills combined with commercial awareness are essential. Probably aged 28/38, a Board appointment is anticipated withing two years.

MANAGEMENT ACCOUNTANT **DEVELOPING SUBSIDIARIES** **HERTS**

The addition of new businesses to the organisation has created a demand for a young energetic accountant. Reporting to the Managing Director the Management Accountant will be responsible for implementing financial control systems in the developing subsidiaries. This will involve preparation of budgets, management and financial accounts. Cash control and the introduction of computerised accounting and costing systems, tailored to each business, are essential requirements. Probably aged 24/30 and recently qualified the successful candidate can look forward to career enhancement in an expanding group.

Attractive package to include company car, pension and health insurance. Please write with concise Curriculum Vitae detailing your main achievements to date and specifying for which opportunity you wish to be considered to:

***Alan Moor, Managing Director, James G. Medlock & Sons Limited
605/609 Green Lanes, Harringay, London, N8 0RR***

GROUP FINANCE DIRECTOR

North of England c £30,000 + benefits

Our client is a successful and expanding private group of companies in the distribution business. The company has grown substantially and intends to continue its growth leading eventually to a public flotation. The group board now wishes to appoint an energetic young finance director who will provide an input to business strategy and commercial management.

The successful candidate will have a key part to play in the group's future development both in ensuring the provision of adequate financial controls and management information and also in contributing towards the group's planning and strategy for growth and eventual flotation.

Applicants must be graduate chartered accountants and must demonstrate experience in a well-managed business with an emphasis on growth. Personal qualities of energy and enthusiasm will be necessary together with a willingness to accept responsibility and command respect from colleagues and external advisers.

If you feel that you can offer the qualities and experience required, please write, in confidence, enclosing a full curriculum vitae to Andree McNamara, Executive Selection and Search, quoting reference number 817.

KPMG Peat Marwick McLintock

Executive Selection and Search

9 Creed Lane, London, EC4V 5BR.

Challenging Opportunity To Maximise Profit

KETLON

Financial Controller

Kent £27,000-£30,000+Car

Ketlon (UK) Ltd is an engineering subsidiary of S & W Berisford plc. Ketlon was established only 12 years ago and has evolved into a group of companies with a turnover approaching £38m, employing 900 people. It is involved in two primary industries – high quality engineered components for the automotive and defence industry, and manufacturing machine tools.

The precision components company has a turnover of £13m, employs 450 people and has experienced regular growth in excess of 20% per annum.

As a result of this growth and a redefined strategic direction, we are now seeking to appoint a Financial Controller. Reporting to the Group Finance Director you will be responsible for a small team and the full financial control of the company. Particular emphasis will be placed upon developing appropriate computerised systems especially in respect of monitoring the manufacturing activity. You will be an important member of the team in managing the company and improving efficiency and profits through both growth and more effective use of the company's substantial facilities.

You will be a qualified accountant aged 35-45 with several years experience of both the disciplined approach of a large company environment and the hands on less formal experience of a small company.

Maturity, diplomacy and commitment combined with persuasive communication skills, in addition to a desire to create positive change will be important factors in your success in this role.

The compensation package includes an excellent salary, company car, non-contributory pension scheme, family health cover and, where appropriate, assistance with relocation expenses.

Interested applicants are requested to submit their cv to: Wayne Thomas, Executive Division, Cygnet House, 45-47 High Street, Leatherhead KT22 8AG.

MP

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Growth, Profitability, Technical Excellence

Three corporate objectives in which Grant Thornton demonstrates an exemplary track record.

Our staff also set themselves the same objectives of career development through achievement of the highest possible standards of technical excellence linked with profitable client service and effective management skills.

We are now offering the opportunity for ambitious Chartered Accountants to try and match our requirements whilst meeting their own objectives. However, we warn you that this will not be easy. You may feel that you are already able to offer the correct level of skills. We feel, however, that you would still need to spend your initial period with Grant Thornton in our National Technical Development Department to bring your technical skills up to our required levels. Having done this, a wide variety of career options will open up for you within the range of business and financial services that Grant Thornton offers its clients.

By joining our National Technical Development Department, based in London, for a period of up to 2 years, you would improve your technical standards and skills, receive a broad overview of not only Grant Thornton's UK and worldwide operations, but also the accountancy profession as it meets the challenges of the 1990's. You would be providing advice and guidance to the firm and its clients in many forms, covering audit, accounting, investigations, corporate finance, regulatory and industry areas.

Exact roles can be tailored very much to your specific interests, though we would expect you to possess excellent written and oral communication skills, an ability to influence, have at least 2 years' post qualifying experience with a major firm and a desire to progress your career to the very highest levels in the profession.

We are offering highly attractive salaries together with a full range of benefits.

Please apply in writing, with full career details, to:- Martyn Drain, Senior Personnel Officer, Grant Thornton, Chartered Accountants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Telephone: 01-383 5100.

Grant Thornton

Chartered Accountants

TAX PARTNER DESIGNATE
Central London
£35,000

This very senior post requires a candidate of the highest calibre, technically & personally. In order to contribute to developing the tax function of this medium sized practice. the successful appointee will provide a consultancy/advice service to partners and clients on highly complicated technical issues. ACA (ATII Advantageous)

In the first instance please contact David Paton on 01-734 4836.
Finance Recruitment Executive Search & Selection

Financial Controller

"a catalyst for change"

c. £25,000 + car Eastern Counties

Under its dynamic and demanding new management team, this internationally known engineering company has taken major strides towards its goal of doubling turnover to £50m. With strategy re-aligned and a more positive marketing approach, the company is well placed to exploit its leading position in the market.

Clearly the Finance Department has played – and must continue to play – a key role in this success story. Now a rare opportunity has arisen for a Financial Controller to head up the Accounting and Credit Management departments. Reporting to the Financial Director, your principal task will be to provide financial information and advice to senior line management in achieving company objectives, while maintaining strict financial controls and disciplines.

You will be a qualified accountant, probably in your 30's, with several years commercial experience ideally in a production environment. A good working knowledge of computer-based systems is essential, and man-management skills are vital.

The company offers an excellent salary and benefits package, plus fully expensed car. Opportunities for promotion are extensive, either within the finance function or in general management with the company or its parent group.

Please send a comprehensive C.V. to **Alan Birch quoting Ref MD1581, at Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford SG14 1PU. Telephone: (0992) 552552.**

Macmillan Davies

M A N A G E M E N T S E L E C T I O N

FINANCIAL CONTROLLER

CONSULTING ENGINEERS

Thames Valley c.£40,000 plus car

Our client is a multi-disciplinary organisation involved with major projects throughout the world.

Reporting to the chief executive, the financial controller will have full responsibility for a sizeable accounting function including contract and treasury management. Advising the executive board on all financial aspects of the business will be an integral part of the job.

Preferred applicants will be qualified accountants aged 28-45 with proven management skills and broad accounting and financial reporting experience ideally gained within an international business environment. Future appointment to the board is anticipated.

Please send brief personal and career details to Douglas G Mizon quoting reference F/318/M.

E&W Ernst & Whinney

Executive Recruitment Services

Becket House, 1 Lambeth Palace Road, London SE1 7EU.

OPPORTUNITIES IN FINANCE NORTH WEST

Our client is a sales orientated manufacturer with a turnover approaching £20 million. Profitable expansion and a move to new premises in an attractive part of the North West have led to the need to strengthen the finance department.

FINANCIAL CONTROLLER c £25,000 + car

In addition to overall responsibility for the production of all financial and management information, the Financial Controller will manage the treasury function and have a significant role in the commercial development of the business. (Ref. 2896)

SYSTEMS/MANAGEMENT ACCOUNTANT c £20,000 + car

The Systems/Management Accountant, after implementing an integrated cost and financial accounting system in line with relocation of the business, will be responsible for defining the regular information needs of managers and advising them on interpretation. He or she will also be responsible for setting up new information systems for future requirements as they arise. (*Ref.* 2897)

Candidates for both posts should possess well developed technical and interpersonal skills preferably gained within a fast moving manufacturing environment. The remuneration package includes relocation where appropriate.

Please send a comprehensive career résumé including salary history and daytime telephone number quoting the appropriate reference number to Mr. Terry Dennis, Executive Selection Division.

Touche Ross

P.O. Box 500, 74 Mosley Street, Manchester M60 2AT. Tel: 061-228 3456.

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FOR ACCOUNTANTS

MANAGEMENT ACCOUNTANT

Salary c.£18,000
Pref age: mid/late 20's

The Financial Times is seeking to recruit a qualified (ACMA, ACCA or ACA) Management Accountant. Experience in Management Accounting is not essential but desirable. A background in publishing or an allied business would also be an advantage.

Applicants should preferably be computer literate or have a definite interest in computer applications.

The successful candidate will, provide a management accounting service for various activities within the Financial Times Group. He/she will prepare monthly management accounts, annual plans, budgets and forecasts for the divisions they are assigned to and take an active part in the preparation of the Group's Annual Accounts. He/she must be willing to take on a variety of related duties, such as any ad hoc exercises or the compiling of any necessary ancilliary records. It is essential that the successful candidate not only has the skills necessary for the job but also has an ability to communicate.

Please apply in writing enclosing full CV to:
Personnel Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Operational Review

Surrey or Manchester

Our client is a highly successful British Public Limited Company and a major exporter of hi-tech products. Their leading position in the marketplace necessitates continual review of the main areas of management control to ensure maximum efficiency and profitability.

There is now an opportunity for a high calibre professional to join a team, based either in Surrey or Manchester, tasked with carrying out a wide range of reviews encompassing all functional disciplines. Responsibilities include preparing reports and papers on the operating procedures in defined sections of the organisation, interviewing personnel and assessing the effectiveness of current policies. You will be expected to identify problem-areas and to recommend improvements and as your responsibilities will be company-wide, you should also be prepared to travel where necessary.

You will probably be aged between 25 and 32 with a degree and/or professional qualification. You will have a good understanding of business management and practice, which could have been gained in either finance, commercial or engineering in an industrial or commercial environment. Since you will also be communicating at all levels, both verbally and in writing, excellent communication and interpersonal skills are essential.

It is envisaged that this position will provide career development within the company — leading to a line position within 2/3 years. If you have the ambition, ability and potential to achieve success with a world leader, please write, enclosing your CV, to: Nigel Bastow, Austin Knight Selection, 17 St. Helen's Place, London EC3A 6AS or telephone him on 01-437 9261 (01-256 6925 evenings/weekends). Please quote ref. 590/NJB/88.

Austin Knight Selection

FINANCE DIRECTOR

South East/Cheshire c. £30,000 plus car

Our client, a privately owned manufacturing company, is in the process of relocating its head office from the south east to Cheshire.

A finance director is required who, having organised the accounting and information processing aspects of the move, will work closely with the rest of the board in the restructuring of the operating divisions in the UK and Europe. This position demands a heavy time commitment in the early stages and a subsequent dedication to the success of the company.

In the first instance, please send brief personal and career details to Douglas G Mizon quoting reference F/568/M.

E&W Ernst & Whinney

Executive Recruitment Services

Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Financial Controller
London
£18,000+ + car

We are looking for a young dynamic ACMA to report to the managing director of one of our divisions.

FTC Holdings PLC is a fast growing, international marketing services group with a turnover in excess of £40 million and we are looking for a Financial Controller for FTC Research Group Ltd. which co-ordinates our international market research activities.

The candidate will have gained experience in a large company with strong emphasis on systems and management reporting and is now seeking his or her first challenge in a fuller and more responsible role.

A strong personality combined with commercial flair and a flexible hands-on approach are essential. The ability to meet deadlines for group reporting and work closely with management are also essential.

Please write with full CV to:
Jean West, The Marketforce Group PLC, 30 Eastbourne Terrace, London W2 6LG

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General Practice Manager

Glasgow **c.£25,000+Car**

This role must lead to partnership in a long established but ambitious professional practice. As one of the largest firms in the West of Scotland and having an association with Stoy Hayward, the firm provides a wide range of business and financial services to clients in a variety of industry sectors and activities.

They seek a fully qualified and experienced general practice manager initially to work with the firm's managing partner on some of the most interesting and challenging client assignments. Drive, commercial flair and the highest standards of professional care are essential requirements for this position.

The firm will be willing to assist with relocation costs, if appropriate.

For further details, please contact:
Accountancy Personnel
93 Hope Street,
Glasgow G2 6LD
Tel: 041-204 0944

AGF
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LIFE ACCOUNTING MANAGER

Milton Keynes **£20,000+Benefits Package**

The Sentry Insurance Group, which includes City of Westminster Assurance, is now part of Assurances Generales de France, one of France's largest insurance companies.

An excellent opportunity now exists in the Head Office for a qualified accountant with a track record of achievement in either life assurance or in insurance itself. The ability to fulfil a pro-active management accounting role is essential to contribute to the Group's major expansion plans.

Reporting to the Group Financial Controller, this challenging and demanding senior role encompasses statutory accounting, DTI returns, corporation tax and staff supervision in a fast moving environment. An excellent benefits package includes a car, health scheme, profit share and relocation.

For further details, please contact:
Accountancy Personnel
Ashton House, 489 Silbury Blvd,
Milton Keynes MK9 2AH
Tel: 0908 661707

CAREER SPOTLIGHT

Thursday 3rd March **5.30pm till 8.30pm**

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For further details, please contact:
Accountancy Personnel
36 Wimbledon Hill Road,
Wimbledon, London SW19 7PA
Tel: 01-879 7007

LADA

CONTROLLER DESIGNATE

East Yorkshire **£Excellent+Benefits**

Did you know that due to a very positive marketing campaign conducted over recent years by LADA CARS that their turnover currently stands in excess of £90 million?

Did you know that LADA boasts a growth rate of 30% per annum?

And, Did you know that to further augment this expansion LADA now requires the services of a young ACA/ACCA/ACMA?

Not for the faint hearted, this position is envisaged as a Number One to the Financial Director and as such you will be a lynch-pin within this first class accounts function.

Therefore, if you have commercial flair, an innovative committed approach and above all a keen eye for the future, why not join this forward thinking company where prospects are limitless and remuneration exceptional?

For further details, please contact:
Accountancy Personnel
Pearl Assurance Buildings,
Land of Green Ginger, Hull HU1 2EA
Tel: 0482 225955

LH
LH FERMENTATION

FINANCE MANAGER

Near Slough **c.£25,000+Car Neg**

Our client is a world leader in the design and manufacture of fermentation and bioprocess equipment. A wholly owned subsidiary of Porton International, L H Fermentation Headquarter's are based near Slough, and it has a subsidiary company in the U.S.A.

A commitment to substantial growth through development and acquisition has created the need for a qualified accountant to assume the role of Finance Manager.

Reporting directly to the Board, the successful candidate will be responsible for the complete finance function of the company, including systems development and staff control/motivation.

Candidates should be of high calibre and qualified, with a good understanding of the manufacturing process, and able to contribute to the company's commercial development.

For further details, please contact:
Accountancy Personnel
7 Mackenzie Street,
Slough SL1 1XQ
Tel: 0753 35939

RECENTLY QUALIFIED/AWAITING RESULTS?

CAREER OPPORTUNITIES IN SURREY

Group Financial Accountant **£20,000+Package**
Involvement with acquisitions and problem solving. Scope for overseas travel. Experience of corporate finance preferable.

Financial Controller **£22,000**
Co-ordinate the financial activities of this network and enjoy full involvement in the commercial decision making of the group.

Under 30? **£24,000+Car**
Responsibilities include:–
Financial Accounting, Consolidations and Systems Development whilst overseeing a small professional team.

For further details, please contact:
Accountancy Personnel
10/16 Castle Street,
Kingston KT1 1SS
Tel: 01-541 4565

Finance Director
(Designate)

c. £25,000 + car **Swindon**

The autonomous UK subsidiary of a world-renowned international group, my client supplies a wide range of products and services to the food manufacturing industry. With turnover approaching £10m, ambitious growth targets, and an imminent move to new offices in Swindon, the need has arisen for an ambitious finance professional to join the management team.

In the short term, the role includes total involvement with Financial and Management Accounts, a review of the company's computer systems, and all management aspects of the office move. Appointment to the Board is envisaged by the end of this year.

A qualified accountant, you will have "hands-on" experience of preparing company accounts, proven man-management skills, and the ability to manage change in a dynamic environment.

An extremely attractive remuneration package is offered, which will be further enhanced on appointment to the Board.

Please send a comprehensive C.V. to Alan Birch quoting Ref. MD1582 at Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, SG14 1PU. Telephone (0992) 552552.

Macmillan Davies
MANAGEMENT SELECTION

FINANCE DIRECTOR/COMPANY SECRETARY

A high calibre, experienced Accountant is sought to join an independent private company with a turnover of circa £30m.
The company is based in the North of Manchester, being a high profile, key supplier to the textile industry.
The successful candidate will make a major contribution to the future shape and direction of the business at Executive Board level.
As a qualified Chartered or ACMA Accountant, he will also have gained several years experience as a senior executive in a manufacturing company environment with a similar turnover.
Prospects are good with this capital intensive company, with a future investment programme.
The salary is negotiable to circa £30,000, plus company car and excellent fringe benefits dependent on the incumbent.
Applications with full CV to the Chief Executive.–

Write Box A0824, Financial Times, 10 Cannon Street, London, EC4P 4BY.

A SPRINGBOARD TO GENERAL MANAGEMENT

North West London **c£26000+Car+Bonus**

This blue chip manufacturing company is the U.K. market leader in branded products in its sector of FMCG. Its high reputation for excellence has been obtained via thorough research and development and the use of only the highest quality raw material for input to latest technology production lines. In this highly competitive field their aggressive advertising and promotion techniques leave their rivals trailing. The U.K. subsidiary of a household name multinational, they generate a turnover in excess of £400m from two main manufacturing sites.

At this site which accounts for 40% of British production, an outstanding opportunity has now arisen for a Business Manager reporting to the Factory Manager. You will provide a strategic lead in the areas of finance, systems and business planning. The Business Manager controls financial management, systems and software development and industrial engineering through a dynamic team of professional support staff. The ongoing investment programme, the largest in the U.K. provides for the implementation of a fully integrated management information system thus there will be constant involvement with other senior functional managers.

You must be a qualified accountant aged 27-33 who can generate new ideas and develop practical action programmes and systems, since prospects within the company are likely to lead you into general management and to career achievement at the highest levels.

In addition to the attractive salary package our client offers relocation assistance where appropriate and other big company benefits.

For a more comprehensive briefing please contact:

GERRY PEARSON – 01-387 8118

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Euston House
81-103 Euston Street
London NW1 1YW

FINANCIAL SERVICES

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As a result of internal re-organisation, our client, the Institutional Investment Management arm of a Swiss bank, has identified the need for a self-motivated finalist/qualified Accountant.

Reporting directly to the Chief Accountant, the successful applicant would need to demonstrate a practical "shirt sleeves" approach and sufficient flexibility to handle the diverse nature of the job. It is also essential, in the light of anticipated changes in legislation, that experience of the financial services sector has been gained within the industry or through auditing.

Candidates should also possess the personal qualities necessary to communicate effectively at all levels within the company and to liaise with clients and external advisers.

Please write in strict confidence, enclosing a full c.v. to: Clive Cole, Portman Advertising, 25 Duke Street, London W1M 5DA.

PORTMAN
ADVERTISING

FINANCIAL CONTROLLER CHIEF ACCOUNTANTS

WWAV is the leading group in the Direct Marketing industry with a turnover of £35m. Our continuing growth leads us to look for qualified accountants (ACA, ACCA, ACMA) to join the senior management teams and to take full responsibility for all financial aspects of three of our operations, coordinated through frequent liaison at Board level.

Watson Ward Albert Varndell

LONDON W2

Salary £22,000 + car + benefits

The number one Direct Marketing Agency, the Company requires a **Chief Accountant** capable of making a genuine contribution to profitability. Specific responsibilities include monthly management accounts and cash flow projections.

WWAV Computing

BRISTOL

Salary to £18,000 + car + benefits

A computer bureau and software development house, the Company requires a **Financial Controller** with specific responsibility for developing new ideas and systems to contribute to the achievement and enhancement of corporate objectives. Preparation of monthly management accounts and financial projections.

Compton & Woodhouse

CHICHESTER

Salary to £20,000 + car + benefits

A major designer and marketer of china collectables, the Company requires a **Chief Accountant** with specific responsibility for integration of the company marketing plans with ongoing financial performance, development and coordination of systems.

Candidates should have significant commercial experience at a senior level. These are challenging positions for highly motivated and computer literate candidates in the age range 28-40 who wish to become wholly involved with future company growth, for which Directorships will be offered in due course.

Apply in writing with C.V. to: Mr Brian Curran, Group Financial Director, WWAV Group Limited, 31 St Petersburgh Place, London W2 4LA.
Tel: 01-727 3481

WWAV
G R O U P

TREASURER

SOUTH WALES

The Principality is the largest Welsh based building society with assets of £540,000,000 and a liquid fund portfolio approaching £100,000,000.

The Society seeks to appoint a Treasurer to strengthen the management of its liquid portfolio.

The successful applicant will report to the General Manager - Finance and will be able to demonstrate :-

- Detailed knowledge of capital and money market instruments.
- Strong communication skills.
- Knowledge of building society operations (advantageous but not essential).

If you believe that you have these attributes then we would like to hear from you. Please send your C.V. to :-
J. W. Jamieson F.C.A., General Manager - Finance,
Principality Building Society, PO Box 89, Queen Street, Cardiff CF1 1UA

Alternatively, if you would like to discuss this position informally please telephone G.J. Taylor on Cardiff (0222) 44188.

A salary commensurate with age and experience will be negotiated with the successful applicant.

THE PRINCIPALITY
BUILDING SOCIETY

FINANCIAL CONTROLLER

British Virgin Islands **Island Gases Ltd**

Island Gases in a division of a substantial American group which manufactures and distributes industrial gases and supplies throughout much of the Caribbean. The group in recent years has been consolidating and adjusting to the tourism led growth that has been a feature of much of the Caribbean.

Reporting to the Managing Director the Financial Controller will be responsible for the financial management of this diverse group, involving complex tax and treasury considerations. The group has in house computer systems in most of its locations and is continuing to update and introduce new systems. Candidates need to have a strong hands on D background. In addition responsibilities will include financial reporting, management projects and company secretarial duties.

Candidates are to be qualified accountants aged between 30-40 with previous experience as a Financial Controller of a medium sized company. In addition candidates need to be self motivating and with the character to make things happen in a part of the world that is stimulating but not easy.

The attractive remuneration package includes a car, profit related bonus, health insurance. Income tax in the BVI is between 15-20%

Please reply in confidence giving concise personal career and salary details to: The Managing Director, Island Gases Group, P.O. Box 69, Road Town, Tortola, British Virgin Islands

Mitsubishi Finance International Limited

NEWLY QUALIFIED ACCOUNTANT REQUIRED

We are the major investment banking arm of The Mitsubishi Bank, committed to the International Capital Markets, and wishing to employ a newly qualified accountant to assist in the development of the Company's Management and Compliance reporting requirements.

Applicants should have served their articles with one of the major London firms, and having gained audit or other experience within the financial sector.

The successful applicant will work within the accounting department and report directly to the Chief Accountant.

An attractive remuneration package with normal banking benefits is offered.

Please write in strictest confidence enclosing a full C.V. to:-

David Spencer, Company Secretary, Mitsubishi Finance International Limited, 1 King Street, London, EC2V 8EB.

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Our client now seeks to add to its team, based in central London, and is looking for individuals with significant corporate and/or personal tax experience.

If you are very good at what you do and seek recognition of your worth, we invite you to write to us, in confidence, enclosing your CV, or telephone.

KCC Limited, 124 Belsize Road, London NW6 4BG 01-372 6475

Our international clients now require the following personnel.

Assistant Manager **20-30K**
To liaise with the Company Secretary and command responsibility over accounting functions, compliance and personnel. Accounts experience within a securities house is preferred.

Accountant **15-20K**
Either qualified/non qualified. Must have strong all round experience of Accounts.

Contact: **Mark Standen on 01-236-8192**
JAC Recruitment, 23 College Hill, EC4

PA TO PARTNER

Circa £25,000 + Benefits — Baker Street

Young expanding firm of accountants in brand new office accommodation seek two high calibre accountants with specific responsibilities for taxation and audit within the practice. Working closely with the existing partners, you will have a high level of responsibility and partnership prospects within 18 months. Please write to:

Attention of M Alculumbre, Ivor Barry & Co, Linhope House, 36, Linhope Street, London NW1 6HP

ACA
£30,000
CENTRAL LONDON

West End Practice requires a Manager/Senior to act as PA to Partner. Expansion has created a new portfolio of small and medium sized clients for which you will take full responsibility. You will be self-motivated with current professional experience. It is envisaged that the successful candidate will be made a partner after 12/18 months.

Please contact: David Paton on 01-734-4836, alternatively write to: Executive Search and Selection Division, Finance Recruitment, Grafton House, 2/3 Golden Square, London W1

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday February 18 1988

Aetna up 5.5% at $228m but Cigna slips to $190m

BY JAMES BUCHAN IN NEW YORK

AETNA LIFE & Casualty and Cigna, two of the largest US composite insurance companies, reported mixed fortunes in the 1987 fourth quarter because of the turmoil in financial markets and dismal conditions for health insurance.

But the two companies, which are the first and third largest shareholder-owned insurers, continue to enjoy strong results from their property/casualty business despite growing competition.

Aetna said yesterday that its net income from operations rose only 5.5 per cent to $228m or $1.98 a share in the December quarter, to give earnings for the year of $867m or $7.48 a share as against $714m or $6.18 a share.

But Aetna had to realise a loss of $20.2m on its portfolio of stock and bonds in the turbulent markets of the fourth quarter while various extraordinary items reduced net income to $197.5m or $1.71 a share as against $284.9m or $2.48 a share. Final net income for the year fell from $1.04bn or $9.12 a share to $920.6m or $7.95.

Cigna suffered a fall in operating earnings from $205.5m or $2.43 a share to $190.8m or $2.31 a share in the fourth quarter, to give a 1987 operating result of $681.3m or $8.06 a share as against $534.9m or $6.34 a share.

But the company had realised losses of $32.5m in the quarter, which helped reduce final net income to $134.7m or $1.60 a share from $317.1m or $3.80. The full-year result was $728.3m or $8.64 as against $817.3m or $9.92.

Insurance premiums fell in the fourth quarter at Aetna, from $4.31bn to $4.25bn, and rose only modestly at Cigna, from $3.21bn to $3.49bn. Income on the investment of these premiums was weak because of the turbulent markets, with an increase of only 6.6 per cent at Aetna and 3.9 per cent at Cigna.

Both companies enjoyed strong results from property/casualty underwriting, although the recovery in premium rates has faltered amid increasing competition.

Property/casualty operating income in the fourth quarter at Cigna rose from $69.7m to $104.6, although this included $29.8m in special tax benefits. At Aetna, earnings from commercial insurance rose from $62m to $95m, while automobile and homeowners insurance also improved.

But spiralling health-care costs and weak premium increases cut deeply into group health insurance profits, with a decline in fourth-quarter operating income from $64m to $11.7m. Aetna's employee benefits division saw operating earnings fall from $87m to $61m.

Navistar jumps to $59m but misses target

By Anatole Kaletsky in New York

NAVISTAR International, the leading US manufacturer of heavy trucks, earned $59.7m or 21 cents a share from continuing operations in its first quarter ended January 31, compared with $14.3m or 5 cents a year earlier.

Despite the four-fold profits increase, the company's performance fell below its own expectations.

Mr James Cotting, chairman, said the latest results had fallen $15m below target.

He attributed the shortfall to higher than planned start-up costs at two facilities – a foundry in Indiana and a paint shop in Ohio.

He added that the build-up of production at the two plants was expected to continue until May.

Spurned Campeau raises Federated tender offer

BY DAVID OWEN IN TORONTO

CAMPEAU, the Canadian property group, yesterday responded to the latest rejection of its bid for Federated Department Stores of the US by formally increasing its tender offer for Federated stock to US$61 a share from its $47 opening bid. The new offer will expire at midnight on March 1.

The rebuttal was described as "outrageous" by Mr Robert Campeau, Campeau's outspoken chairman. On Tuesday, Federated rejected an increased $66 a share cash offer by Campeau

However, Campeau made clear yesterday that if Federated agreed by midnight on February 21 for Campeau to acquire all outstanding Federated stock, the price to be paid in the tender offer would be $66 a share.

Analysts interpreted Campeau's latest tactic as a further attempt to put pressure on the Federated board to maximise shareholder values by agreeing to be acquired in full.

Mr Harry Rannala, of Merrill Lynch Canada, said: "There is a big difference between taking the whole company and just a controlling interest."

Federated had also said on Tuesday that it was considering a restructuring plan, which would involve the sale of most of its non-department store assets, the possible issuance of preferred stock, and either an extraordinary dividend or the repurchase of more than 50 per cent of its outstanding stock.

In rejecting Campeau's $66 approach, Federated said its board concluded that Campeau did not have the financing for such a transaction and that its ability to arrange financing continued to be questionable.

Johnson & Johnson profits up to $833m

By Our New York Staff

JOHNSON & JOHNSON, the large US health and household products company, earned $163m or 95 cents a share in the last quarter, 15 per cent up on the $142m or 82 cents made from operations a year earlier.

The company's quarterly sales increased by 16 per cent to $2.03bn.

For 1987 as a whole, Johnson made net profits of $833m or $4.83, an increase of 17 per cent on the previous year's $710m or $3.98. The group's annual sales were 14 per cent up at $8.01bn.

The 1986 results used for comparison excluded one-time charges of $380m in the year as a whole and $45m in the fourth quarter.

As a result of these charges, Johnson's reported net profits in 1986 were $330m for the full year and $97m for the fourth quarter.

Johnson's international sales increased faster than domestic sales, largely as a result of currency translation benefits from the lower dollar.

For 1987 as a whole, domestic revenues increased by only 4.9 per cent to $4.17bn, while international business surged ahead by 26.9 per cent to $3.84bn.

Johnson said the fall in the value of the dollar accounted for $367m of revenue gain in 1987.

Earlier this week, the company reported it had agreed to pay $726m for most of the assets of Playtex, the US personal products group, taken private in a leveraged buyout 14 months ago.

Analysts said the acquisition of the Playtex Holdings unit which makes tampons would enhance Johnson's position in a fast-growing and profitable segment of the $1.5bn sanitary protection market.

UK'S TAKEOVER PANEL ORDERS INQUIRY INTO COUNT IN BIRMID BID BATTLE

Doubt over Blue Circle 'victory'

BY MICHAEL SMITH IN LONDON

THE OUTCOME of the £275m ($467m) takeover battle between Birmid Qualcast, the British home products group, and cement company Blue Circle was last night thrown into confusion after the Takeover Panel ordered an investigation into the count.

The inquiry by the Panel, which monitors UK takeover activity, centres on fears that Blue Circle's victory claim last week may have arisen because of double-counting of Birmid shares which Hoare Govett, Blue Circle's broker, bought in the market.

Hoare was unavailable for comment but it is understood that the mistake, if confirmed, could deprive Blue Circle of victory in what has become one of the closest bid contests in UK corporate history.

The broker discovered its "arithmetical error" on Tuesday after the Panel asked Blue Circle and its advisors to undertake a full review of purchases and acceptances from Birmid shareowners. National Westminster Bank, Blue Circle's receiving bank, was yesterday checking the figures.

Mr Alan Emson, Birmid finance director, was yesterday answering the telephone with the greeting: "Houdini and company." Birmid was doing nothing "until the powers-that-be check everything" but he hoped it could escape with its independence.

Confirmation of an error would severely embarrass Hoare, which last year was rebuked by Panel because of earlier share purchases in Birmid. Last March the Panel said the broker breached the takeover code when it bought Birmid shares, on behalf of Hepworth Ceramic, from Hoare Govett Securities, the market-making arm of its parent.

The inquiry also focuses attention on a system which relies on a bidding company and its advisors to conduct the count in takeover battles. Corporate financiers were speculating yesterday that the investigation may lead to demands for independent scrutineers in future takeovers.

Birmid's request for a Panel check on the final stages of the bid resulted from the narrow margin of Blue Circle's claimed victory rather than from any suspicion of a rules infringement. After the bid closed on Saturday the cement company claimed to own, or have acceptances from owners, of 50.01 per cent of Birmid equity.

This meant that of 72.28m shares in issue, Blue Circle exceeded the 50 per cent winning post by just 9,300. The decision of just one shareholder could have swayed the vote.

Blue Circle believes it can win even if double-counting is shown. When it claimed victory on Saturday it did not include in the 50.01 total about 40,000 shares which Hoare Govett had bought, because the ownership transfer forms had not been received. Another block of shares was not included because previous owners had filled in the forms incorrectly.

Rule 10.5d of the Takeover Code states that share purchases may be counted only if "an executed form of transfer... has been delivered to the offeror." Blue Circle will, however, argue that Hoare held binding purchase contracts and the relevant share certificates.

Mr Antony Beevor, Panel director-general, hopes a ruling can be made by the end of the week. An appeal is expected and is likely to be heard by the full Panel early next week.

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ITT hits $447m on STC sale

BY OUR NEW YORK STAFF

ITT, the biggest US conglomerate which is divesting businesses to regain its profit momentum, reported a quadrupling of fourth-quarter earnings to $447m or $3.01 a share, thanks to a big capital gain on the sale of its UK telecommunications operation.

The group, which has businesses spanning industrial production, hotels, forest products and financial services, booked a gain of $252.8m or $1.68 a share on the sale of its 24 per cent interest in STC. Even without the gain, earnings were well ahead of the $101m or 66 cents a share recorded in the 1986 fourth quarter.

Revenues were up 9.3 per cent at $5.2bn in the quarter, including a 7.7 per cent increase in insurance and finance revenues to $2.8bn.

For the year, in which all of ITT's main businesses, except defence technology, advanced, the company reported earnings, including the STC gain, of $1.02bn or $6.76 a share, against $494m or $3.23. Revenues rose 12 per cent to $19.5bn, with a contribution of $11bn from insurance and finance, also up 12 per cent.

ITT's 37 per cent share in Alcatel, the Continental European joint venture which absorbed the company's telecommunications equipment business in 1986, contributed $73m or 49 cents a share last year, against $56m or 37 cents.

Remy waits for Martini bid reaction

BY HAIG SIMONIAN IN FRANKFURT

REMY MARTIN, the family-owned French cognac company which is bidding to buy Benedictine, the French liqueur concern, is waiting for the government's response to a rival offer from Martini before deciding whether to raise its bid.

"It is too early to answer whether we will make a further offer", said Mr Marc Heriard-Dubreuil, co-president of the group at meeting with German analysts in Frankfurt yesterday.

The offer by Martini, which is technically based in Switzerland, needs French government approval because it comes from outside the European Community.

Mr Heriard-Dubreuil repeated his company's desire eventually to go public. A flotation could either involve Pavis, the family holding company which owns 51 per cent of E. Remy Martin, the cognac producer, or Remy & Associes. which controls the group's other wine and spirit interests and is wholly owned by E. Remy Martin.

Telerate expansion in Italy

By John Wyles in Milan

TELERATE, the leading US supplier by computer of financial information services, is to combine forces more directly with Radiocor, its smaller Italian counterpart which was acquired by Olivetti in October 1986.

The two companies' present joint venture, Telerate Italia Srl, will be fully acquired by Radiocor as part of a deal in which Telerate will take a 46 per cent stake in the Italian parent company.

This will be achieved through a L6.8bn ($5.4m) capital increase to be purchased entirely by Telerate.

The US supplier is majority owned by Dow Jones, the US business publishing group which owns the Wall Street Journal.

Radiocor will maintain its present structure and continue to operate as a press agency.

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INTL. COMPANIES AND FINANCE

Sony and Pioneer earnings soar

BY OUR TOKYO AND FINANCIAL STAFF

SONY AND Pioneer, Japanese leaders in consumer and audio electronics, announced sharply increased earnings yesterday, further underlining the marked recovery by Japanese companies from the worst affects of the yen's appreciation.

In Sony's third quarter, which ended last December, the consumer electronics company showed group net profits trebled to Y20.73bn ($158.9m) from Y6.81bn in the same quarter last year. Sales in the period were up 7.5 per cent to Y409bn. The company credited a 23 per cent sales increase in the Japanese market as a main reason for the boost in profitability.

Sony's strongest sales were in mini-component stereo systems and compact disc players, as well as its micro floppy disk systems and semiconductors.

Acquiescing to market pressure, the group recently decided to introduce VHS format video cassette recorders alongside its own Betamax line which has found less success internationally.

Figures for the previous year are company estimates: in 1986-87 it had a five-month accounting term to last March because of a change in its financial year.

The current quarter will be the first to include CBS Records, the US music production company bought for some $2bn in the largest Japanese takeover abroad. Analysts expect a minimal contribution to 1988-89 earnings because of interest payments and write-offs on depreciation and goodwill.

However, the acquisition will be strongly positive for cash flow as well as adding a software side to Sony's strong position in audio-electronics.

The company said operations drew additional benefit from Sony's success in cutting production costs, expansion of overseas output, increases in international procurement, and selling price increases abroad.

Pioneer, another leading maker of audio equipment, showed consolidated net profits sharply higher at Y4.44bn in the first quarter to last December, compared with Y1.19bn. Sales were up 13.6 per cent at Y112bn. Pioneer's video products, including its laser disc systems, showed the best advance, up by nearly 30 per cent in the period.

Overseas sales increased by 10 per cent, despite the strong yen, while sales in the domestic market were up by 17 per cent. Audio products, overall, showed a 17 per cent advance and now account for about 40 per cent of group sales.

This was due to strong overseas demand – in the domestic market Pioneer is facing tough competition.

CANON, the Japanese camera and copier maker, boosted pre-tax profits by more than half to Y20.41bn ($156.5m) last year from Y13.185n in 1986, writes our Financial Staff.

However, a 20.8 per cent drop in net profits to Y8.85bn followed its liability for Y9.06bn in tax payments compared with a Y149m rebate the previous year. As foreshadowed, the company is cutting the final dividend to Y5 a share from Y6.25 to make Y10 for the year instead of Y12.50.

Its performance was far better than expected – instead of an operating loss as had been feared at one stage last year, there were operating profits of Y20.41bn against Y4.55bn.

Canon began US production last year as part of its efforts to limit the impact of the rising yen, adding to European and Korean sites.

Sharp rise in Arab National Bank profit

By Finn Barre in Riyadh

ARAB NATIONAL Bank (ANB) of Saudi Arabia is doubling *its capital* to SR300m ($80m) after boosting profits last year by nearly a third and reducing its loan loss provisions.

ANB, which is 40 per cent owned by Arab Bank of Jordan, becomes the fourth of the kingdom's 11 commercial banks recently to double capital. It is doing so by a transfer of funds from general reserves.

Profits reached SR201.2m compared with SR152.1m, after provisions which were cut to SR62.2m from SR86.6m. ABN has a lower than average level of problem loans.

Loans and advances rose 27.3 per cent to SR2.86n and deposits 5.7 per cent to SR11.2bn. Total assets rose 6.4 per cent to SR13.2bn.

The other banks to have capitalised reserves are Saudi American Bank, a Citibank joint venture, and Saudi French Bank, in which Banque Indosuez has an interest. Saudi Cairo Bank, a Banque du Caire joint venture, last year bolstered its capital through a share flotation accompanied by a SR300m capital injection from the Government.

Bankers say reasons for the capital moves vary. In Saudi Cairo's case, the bank is struggling to cope with problems stemming from losses on precious metals speculation and bad loans. The others, where the foreign partners benefit from a larger asset base, gain some room to manoeuvre.

Kersaf registers strong gain in first-half result

BY JIM JONES IN JOHANESBURG

KERSAF, THE South African leisure and casino gambling group, lifted turnover by 47 per cent and pre-tax profit by three-quarters in the six months to December largely because of better trading by casinos in the black "homelands" of Transkei and Bophuthatswana.

On turnover which rose to *R446m ($212.9m) from* R303m, the interim pre-tax profit was R117.9m against R67.3m.

Casino gambling is illegal in South Africa but is allowed in nominally independent homelands near South Africa's principal cities. Kersaf's directors made no reference to the recent coup attempts in Transkei and Bophuthatswana while the board of Transkei Sun, the casino operating subsidiary, says it cannot comment on official investigations into alleged bribes paid to government officials for gaming licences.

Directors of the subsidiary have appeared before a Transkei commission inquiring into allegations of corruption.

First-half net income rose to 48.5 cents a share from 37.3 cents and the interim dividend has been lifted to 29 cents from 22 cents. Net earnings totalled 81.6 cents in the last financial year and the total dividend was 52 cents.

Revised pricing policy boosts Impala Platinum

BY OUR JOHANNESBURG CORRESPONDENT

IMPALA PLATINUM, South Africa's second largest platinum producer, was helped by greater use of market-related pricing in the six months to December, *when turnover* rose 40.4 per cent to R782m ($373.3m) and pre-tax profits 29.6 per cent to R297.4m.

Mr Don Ireland, the managing director, says sales revenues were helped by the renegotiation of sales contracts and their replacement with contracts based on open market prices. In its early years Impala struck long-term sales agreements with, among others, General Motors, which gave it guaranteed rand-denominated profits. While this was attractive in the 1970s, the rand's recent decline against the dollar has rendered the old contracts unattractive.

The company does not disclose *operating, cost or* platinum production details. It is developing a platinum mine named Karee in South Africa after it had failed to agree extensions to its existing mines in the black "homeland" of Bophuthatswana.

The Bafokeng tribe has disputed royalties received from Impala

Net earnings were 252 cents a share against 219 cents and the interim dividend has been lifted to 60 cents from 45 cents.

South African consumer groups increase sales

BY OUR JOHANNESBURG CORRESPONDENT

AN UPTURN in South African personal spending has aided the results from consumer industries.

Lion Match, *the South African former subsidiary of Wilkinson Sword*, lifted turnover by 22 per cent last year but says that *normally slower trading in the first quarter is likely to leave earnings little changed* in the present 15-month *accounting period.*

Lion was sold to South African Breweries during the year and has changed its financial year-end to coincide with that *of the new parent*. The acquisition was accompanied by a five-for-one share split.

Turnover rose to R179.2m ($85.9m) from R147.3m and pre-tax profits increased to R17.0m from R15.0m.

The directors say trading was helped by improved economic conditions and that the two divisions – matches and consumer non-durables – both increased revenues. Match production has been rationalised by the closure of a factory in Transkei and the transfer of its operations to Pretoria.

Net earnings rose to 20.82 cents a share from 19.84 cents and a *special dividend* of 35 cents was declared at the time of the acquisition to allow Wilkinson Sword to repatriate some of its funds at the commercial rand exchange rate. In 1986 *the dividend totalled* 10.6 cents a share.

Utico Holdings, an offshoot of the UK's BAT Industries, lifted sales by 20 per cent in 1987 by expanding its share of the local cigarette and snack food markets.

Turnover rose to R269.3m from R224m and pre-tax profits were R26.0m against R15.6m.

Cigarette and snack food sales have benefited from the past year's rise in consumer spending and profits have been helped by the elimination of losses in the snacks division.

Net earnings rose to 217.6 *cents a share from 131.9 cents* and the year's dividend has *been lifted to 87 cents from 41* cents.

Metro Group, a wholesale chain, grew through acquisi*tions in the 26 weeks to December* 26 and lifted its interim turnover by 72 per cent.

The company sold its 54.2 per cent interest in the Frasers trading group to Tradegro, Metro's controlling shareholder. In exchange Tradegro transferred the Jazz retail chain to Metro and, at the same time, Jazz acquired the cash-and-carry, wholesale, mine store and general dealer interests of the Frasers group.

The acquisitions helped lift first-half turnover to R1.33bn from R770m and pre-tax operating profit rose to R23.9m from R11.0m.

The directors say Metro's cash-and-carry operations traded under continued market pressure and that two outlets were opened during the past six months. Frasers' activities have been refocused.

Net earnings rose to 16.3 cents a share from 12.4 cents and the interim dividend has been lifted to 7.5 cents from 6 cents.

Air NZ has flat operating performance

By Our Financial Staff

AIR NEW ZEALAND, the state-owned flag carrier, yesterday reported a flat operating performance in its first half to September and renewed its criticism of large US airlines which it said were "using their home market oligopolistic dominance and critical mass to their advantage" in the Pacific region.

Net profits of NZ$21.9m (US$14.5m) were barely ahead of the NZ$21.6m achieved in the first six months of 1986 – a period which benefited from an additional NZ$66.2m in proceeds from the sale of aircraft, while none were sold last year.

Revenues rose 3.1 per cent to NZ$722.3m from NZ$700.9m.

The airline said it was facing fierce competition on its international routes.

Higher prices and output lift Sabic

By Our Riyadh Correspondent

SAUDI BASIC Industries Corporation (Sabic), the country's large petrochemical group, quadrupled profits last year to SR1bn ($266.6m) from SR243m.

The increase was due both to higher production and higher product prices, according to Mr Abdulaziz Al-Zamil, Minister of Industry and Electricity. Output by volume at Sabic rose 27.6 per cent to 9.7m tonnes from 7.6m tonnes – partly because of new plants coming on stream but also from increased use of capacity at relatively new plants.

Sales totalled 8.2m tonnes, up from 7.3m tonnes.

The group was established more than 10 years ago during a period of oil shortages, and was intended as the foundation for Saudi industrialisation. The plants were supposed to use domestic raw materials, *in particular the natural gas that was formerly* flared off at the oil wells.

Foreign companies which invested in Sabic projects were offered crude oil entitlements as well as generous investment incentives. Partners include Mobil and Exxon as well as European and Asian resources groups.

Since Sabic was established, 30 per cent of the company has been sold off to private sector investors.

INTL. COMPANIES AND FINANCE

Puma seeking financial link with foreign group

BY ANDREW FISHER IN FRANKFURT

PUMA, THE loss-making West German sports shoe and clothing company, is holding "serious negotiations" with an unnamed foreign company which is interested in taking a financial stake.

It gave no hints as to which company might be involved, though rumours that the other party may be BTR of the UK were denied. This week, Puma's quoted preference shares have risen sharply, trading at about DM360 ($211) on Monday and Tuesday after closing last week at DM260. Yesterday, however, they eased to DM319.

Mr Hans Woitschätzke, the company's new chairman, has stressed that any links with other concerns would have to involve more than money. "We are open-minded about any partner with which there can be synergy, which would be positive for our image, or which is active in the leisure area," he said recently.

He has stated that the company should move out of losses this year, after suffering badly from a misreading of the volatile US market in 1986 and 1987. Having taken control of its US distribution and launched new shoe and clothing collections, it hopes to bring US losses well below DM10m ($5.88m) after DM75m in 1986 and just over DM30m in 1987.

After returning to break-even this year, Mr Woitschätzke forecast that 1989 would be "positive and profitable."

Puma, controlled by brothers Mr Armin and Mr Gerd Dassler, issued non-voting preference shares in the summer of 1986. They quickly rose to above DM1,500 compared with an issue price of DM310, later falling sharply on news of problems in the US.

WestLB operating profits slip

BY HAIG SIMONIAN IN FRANKFURT

WESTDEUTSCHE Landesbank (WestLB) West Germany's biggest Landesbank, has shown a fall in operating profits last year to just over DM1bn ($586.5m) compared with DM1.2bn in 1986.

However, the bank, which is paying a renewed 4 per cent dividend to its shareholders, comprising the state government of North Rhine Westphalia and regional savings bank groups, described the result as "satisfactory ... despite the difficult scenario."

Operating profits at parent bank level fell to DM900m against DM1.1bn in 1986, but after-tax earnings remained unchanged at DM114m. About is being transferred to reserves.

Total assets grew by only 3 per cent in 1987, reflecting what the bank claims was a "risk-conscious and profit oriented policy" last year. Including the first-time consolidation of its LBS building and loan association, total assets rose by DM4bn to DM142bn.

The bank, which has improved its earnings potential substantially after some difficult years, now says it expects to stabilise that potential "on a satisfactory level in the years to come."

On the lending side the bank's position was little changed in 1987, with DM64.8bn due from customers against DM64.5bn the previous year. Lending to corporate clients actually increased, despite high liquidity on many companies' balance sheets, while short term credits, largely to private customers, declined.

After a five-year downward trend the fall in international credit business came to a standstill last year, with Eurocredits in particular developing "satisfactorily." Meanwhile the number of swaps rose steeply, with volume jumping to double the level of 1986.

Krupp Industrietechnik, part of the West German Krupp group, has acquired a 75 per cent stake in Bellaplast Maschinenbau, a German unit of the Bellaplast group of Switzerland. Bellaplast makes plastics processing machinery.

The acquisition forms part of the Krupp group's strategy of expanding operations away from steelmaking into more profitable technologies.

Porcher doubles its size with US deal

By George Graham in Paris

PORCHER TEXTILE, the French glass fibre and industrial fabrics group, is to double its size with the purchase of the glass fabrics division of Burlington Industries of the US.

The $128m purchase will make Porcher, a family-owned company based in the Isère region of south-eastern France, the world's second largest producer of woven glass fabrics with an output of 120m to 130m metres a year.

The fabrics are principally used in the manufacture of printed electronic circuits, with large markets also in the field of electrical insulation and composite materials – from fishing rods to the nose cones of the Airbus jet airliner.

***Porcher's sales last* year totalled about FFr700m ($121m) – with two thirds in export markets – while sales at the Burlington Industries division, whose new name has yet to be decided, were almost as high at $117m.**

Besides glass fabrics, Porcher produces a range of other industrial textiles including carbon fibre and Kevlar, typewriter ribbon fabrics and sailcloth. It also recently bought the ancient Lyon silk mill Bucol.

High costs hit Danish bank

By Our Copenhagen Correspondent

COPENHAGEN Handelsbank, Denmark's second biggest commercial bank, showed a fall in profits before tax and deductions for unrealised portfolio gains to DKr497m ($76.2m) for 1987, from DKr814m. The dividend is held at 15 per cent.

After tax and portfolio adjustments a profit of DKr267m compares with a loss of DKr821m. The bank described results as "unsatisfactory" and blamed high costs and low margins.

Deductions for unrealised portfolio gains were DKr282m against DKr1.6bn. At the year end, balance sheet total was DKr121bn, against DKr11bn.

Swedish tonic for Zanussi

A fresh management approach and a strong European market has helped an Italian white goods producer to a rapid recovery. **John Wyles reports**

"CONSOB'S BEHAVIOUR has been despicable," thundered Mr Gian Mario Rossignolo, drawing a bead on Italy's stock exchange regulatory agency, which has already been under heavy fire for its handling of Mr Raul Gardini's controversial Ferruzzi-Montedison re-organisation plan.

Sounding anything but the songbird whose name he carries, the chairman of Zanussi, Italy's leading domestic appliance manufacturer, was venting his wrath at the international appliance industry's fair in Cologne about one of the few clouds which have marred the otherwise sunny change in Zanussi's fortunes since its acquisition by Electrolux of Sweden.

Having taken control of the financially-stricken Italian company in late 1984, Electrolux decided at the beginning of 1986 to place some shares in Italy in the shape of investment certificates, as a prelude to seeking a full listing on the Milan Stock Exchange. These were bought by about 18,000 investors and are traded over the counter.

More than a year after formally applying to the Consob, Eletrolux is still waiting for approval. "The bureaucratic delays have been incredible," said Mr Rossignolo, former Fiat executive, who has presided over Zanussi's restructuring.

Electrolux was asked for information that neither the Securities and Exchange Commission nor the London Stock Exchange would require, said Mr Rossignolo, such as changes in the Swedish company's minority shareholdings during the course of one month.

Mr Rossignolo's anger with Consob injected some discordant notes into an otherwise upbeat song. Zanussi's financial recovery continued apace last year, helped by a 3 per cent growth in the European white goods market, excluding microwave ovens.

Sales volumes were boosted by access to Electrolux's international marketing network. The Friuli-based company was able to place 600,000 units through its Swedish parent out of total sales of 4.1m.

Production for the Italian market rose by 6 per cent, with output of dishwashers rising by 10 to 13 per cent and that of refrigerators by 3 to 4 per cent. Turnover rose by 10.6 per cent to L1,769 bn ($1.4bn), cashflow jumped from L115bn in 1986 to L178bn, and investments from L72bn to L125bn.

The company's debt, which at the height of its crisis in 1984 reached L1,046bn, was cut last year from L479bn to L357bn.

"This improved our negotiating position with the banks," said Mr Rossignolo with quiet satisfaction. He would not be drawn on profits results, but hinted that the increase on 1986's net L32bn would reflect the company's much improved cash flow.

He and his colleagues can barely restrain their satisfaction about how the company is blossoming under Scandinavian ownership - thus confounding some of the trade union movement's dire fears that it was to be asset-stripped.

Employment has, of course, fallen under the march of new technology from 22,000 in 1984 to 15,300. Further cuts are expected this year and next as a L450bn investment plan brings on automated equipment at Zanussi's two main factories in Susegana and Porcia.

However, Mr Carlo Verri, group managing director, believes that the reductions can be made fairly painlessly by early retirement and other measures. Mr Rossignolo adds that the workforce is being reshaped – 700 young workers have been hired in 1986-87 because the age profile was too high and "you cannot teach men of 50 to operate these new computerised processes."

Such re-equipment has become vital in an industry with considerable overcapacity in Europe and with Italian costs inflated by social insurance charges. According to Mr Verri, employment costs among UK competitors are about 40 per cent lower.

The new processes are also crucial for adding the manufacturing flexibility which is now needed in mature and nearly saturated markets. This means frequent product innovation – Zanussi was trumpeting the virtues in Cologne of its new "slim-line" dishwasher – and offering differing versions of the same basic model.

Consumers, said Mr Verri, are less concerned about price than before, and are more interested in "comfort, reliability and environmentally sensitive equipment."

Although last year was a good one for most appliance makers – Zanussi's main domestic rival, the Merloni group, boosted sales by 19 per cent to L610bn and nearly tripled net profits to L20bn – Zanussi management fears tough times ahead if growth slows in the European economy.

"There is still about 30 to 40 per cent too much capacity in Europe and some people are repeating the errors of the past by increasing capacity," warned Mr Verri. This was a sideswipe *at Merloni's plans for Indesit*, which it has just acquired from the public receiver. Zanussi *management* is said to believe that Merloni should be looking of ways to close capacity at Indesit rather than maintain it.

The Indesit takeover should give Merloni about 20 per cent of the Italian market and 10 per cent of the European. Zanussi says that it has now fully recovered its "pre-crisis" share of the Italian market, having taken 23.7 per cent last year and 12 per cent in Europe.

Both companies, however, will be feeling the squeeze from eastern Europe. "Fridges are arriving from the east at the Italian border at price levels lower than the cost of the raw materials in Italy," said Mr Verri, who added that the main perpetrators of this "dumping" were the Soviet Union, Poland and Czechoslovakia.

FINANCIAL SERVICES ACT.
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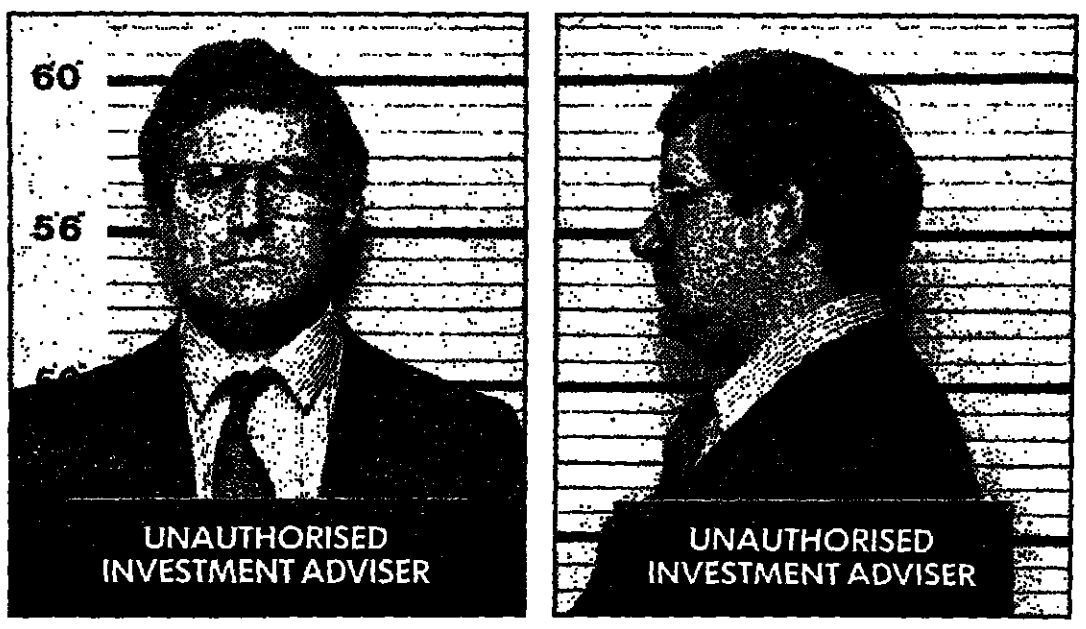
IF YOU'RE UNAUTHORISED YOU'RE ABOUT TO BECOME UNLAWFUL.

If you're carrying on investment business a forthcoming change in the law could land you in trouble – and investment business *includes* independent investment advisers and salesmen.

Under the next stage of the Financial Services Act 1986, you have to apply for authorisation before 27 February. You can become authorised by joining a recognised self-regulating organisation. Three self-regulating organisations – FIMBRA, AFBD and IMRO – have been recognised under the Act, and two others – The Securities Association and LAUTRO – have applied for recognition. The panel shows which organisation is likely to be most appropriate to you. Members of certain professional bodies may be able to get authorisation from those bodies. It will also be possible to get authorisation direct from SIB (see panel).



SELF-REGULATING ORGANISATIONS

FIMBRA — 01-929 2711
FINANCIAL INTERMEDIARIES, MANAGERS AND BROKERS REGULATORY ASSOCIATION
(For brokers, investment advisers and management services to retail customers. This organisation will cover businesses selling or advising on life insurance and unit trusts.)

TSA — 01-256 9000 THE SECURITIES ASSOCIATION (for businesses dealing or arranging deals in securities, and related activities.)	IMRO — 01-379 0601 INVESTMENT MANAGEMENT REGULATORY ORGANISATION
AFBD — 01-481 2080 ASSOCIATION OF FUTURES BROKERS AND DEALERS	LAUTRO — 01-379 0444 LIFE ASSURANCE AND UNIT TRUST REGULATORY ORGANISATION

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If you have not applied for authorisation before 27 February and you are not exempt, you risk imprisonment or a fine for committing a criminal offence if you continue to carry on investment business after the Act comes into force in April.

The new law can apply to anyone from an estate agent to a pension fund manager, from a life assurance/pension consultant to a stockbroker acting for private clients.

If you think this could apply to you, you need to seek advice urgently by contacting:

1 Your legal adviser, professional body, trade association or group; or
2 Any of the self-regulating organisations shown in the panel; or
3 SIB (see panel) or (for advice only) the DTI direct on 01-215 3538.

dti

Department of Trade and Industry, 10-18 Victoria Street, London SW1H 0NN

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Leeds Permanent FRN doubled to meet demand

BY CLARE PEARSON

LEEDS PERMANENT Building Society yesterday doubled the size of an existing floating rate note issue with a £100m extra tranche, the first variable rate Eurobond for a UK building society for five months.

Baring Brothers, which arranged the new tranche, said it came in response to a recent resurgence of demand for sterling FRNs, which fell out of favour with investors amidst liquidity problems last year.

Investors were seeking shorter-dated paper and so could be attracted by the Leeds issue, which incorporates a put option in October 1990, Barings argued.

Other dealers, however, said the sterling FRN sector remained largely neglected by investors. Only issues backed by the assets of mortgage-lending organisations, which do not trade widely, have been launched in it since the Leeds' issue last September.

Leeds' bond was quoted at a bid price of 99.84, just outside the 15 basis point discount to par issue price representing the total fees.

The issue, which matures in October 1994, incorporates a further put option in 1992. The borrower can increase the interest rate margin over three-month London interbank offered rate from ⅛ percentage point to a minimum of 15 basis points on the first put date.

Leeds Permanent is also in the Eurocredit market with a £200m facility being arranged by Crédit Lyonnais. This was launched early in January on what were viewed as aggressive terms. Syndication has yet to be completed. Crédit Lyonnais, acknowledging that the deal was going more slowly than it would like, said yesterday that it had received a good level of commitments and that it hoped to close the deal in the near future.

Elsewhere, a new A$60m issue emerged for the Australian subsidiary of **Amro**, the Dutch bank which last week announced a link up with Générale de Banque of Belgium.

Like a deal for **Deutsche Bank Australia** on Tuesday, the bond was expected to appeal to Continental retail buyers, even though underwriters of other recent Australian dollar new issues are finding placement tricky at the moment. The 12¾ per cent three-year bond, priced at 101½, was bid at less 1.40, 10 basis points higher than its total fees.

Générale de Banque did not feature in the bond's co-man-

INTERNATIONAL BONDS

agement group since, as a matter of policy, it does not underwrite Australian or New Zealand dollar issues.

In the Eurodollar market, there was talk of a new 10-year issue for the **European Investment Bank**, though no such issue emerged. One dealer said the borrower had an aggressive swap target for sub-Libor funds in dollars.

Secondary Eurodollar bonds ended the day narrowly mixed in low turnover, taking their cue from a quiescent US Treasury bond market. But some dealers were seeing good buying by investors of higher-yielding Eurodollar paper.

Further coupon cuts were announced on Japanese equity linked bonds as their terms were fixed yesterday. A $200m convertible for **Mitsui Bank** was priced with a 2⅝ per cent coupon, ⅛ per cent lower than expected. A $70m equity warrants bond for **Rohm** had its coupon fixed at 4⅛ per cent, while that on a $110m deal for **Fuji Fire and Marine Insurance** was set at 4¾ per cent, both against 5 per cent indications.

D-Mark domestic bonds eased by about ¼ point at the longer end. The market was ruffled by concerns about strains on the West German budget, following news of increased payments to the EEC. D-Mark Eurobonds were unchanged to ⅛ point better.

In Switzerland, prices eased in quite high volume.

A further long-dated issue, spurred by current low Swiss interest rates, emerged as **Sweden** borrowed 20-year funds at 5 per cent through an issue led by Crédit Suisse. The SFr200m bond, priced at 101, was bid at less 1¾.

Union Bank of Switzerland announced a SFr150m six-year bond for **Union Electrica Fenosa**. The 4¾ per cent bond, priced at 100¼, was also bid at less 1¾ in the grey market.

Deutsche Bank (Suisse) ran the books for the first time on an issue for a borrower other than its parent when it launched a SFr60m five-year equity warrants bond for **Yamazen**, a Japanese trading company specialising in machinery and tools. The issue has an indicated 2⅛ per cent coupon and par issue price. It traded at about 102½ bid.

Swiss Bank Corporation announced a SFr70m five-year convertible for **Nippon Steel Chemical**, with an indicated 1⅛ per cent coupon and par price. It was quoted at 105¼ bid.

Tokyo unveils 'insider' proposals

By Stefan Wagstyl in Tokyo

JAPAN IS likely to have tough new insider trading laws before the end of this year, following criticism of its existing legislation from the US and the UK authorities.

The Ministry of Finance has revealed details of amendments to the post-war Securities and Exchange Act, which are to be put before the Diet (parliament) this year.

Mr Tsunero Fujita, a senior MoF official, said yesterday that the proposals would mean that 98 per cent of the cases regarded as insider dealing under US law would now be covered by Japanese regulations.

His comments were endorsed by Mr David Ruder, chairman of the Securities and Exchange Commission, the US regulatory body, who was in Tokyo yesterday to discuss co-operation in regulatory matters – including the pursuit of insider trading.

However, some foreign stockbrokers said a change in the law could not change the entrenched close relationships between Japanese banks, securities companies and industrial groups, which made insider dealing extremely difficult to detect.

Mr Ruder said it was extremely important to recognise cultural differences between the US and Japan. But the two countries' laws would be "similar or comparable."

The MoF's draft plan defines insiders as people who are in a position to obtain information about a company before the public. There are three categories:

- "Insiders" such as company employees and leading shareholders;
- "Quasi-insiders," including stockbrokers;and
- "Receivers of information," such as financial journalists, as well as spouses and relatives to the second degree.

The proposals describe 24 kinds of inside information, covering company results, plans for acquisitions, product launches, and stock offerings.

Apart from persistent Western criticism of standards in Tokyo, the Japanese Government was stung into action by the scandal last year surrounding dealings in the shares of Tateho Chemical shortly before the company announced heavy losses in bond futures.

Hanshin Sogo Bank, one of Tateho's eight banks, admitted selling 337,000 Tateho shares on the day of the announcement but denied this amounted to insider trading.

Mr Fujita said yesterday that if the proposed new laws had been in place and it could be shown the bank obtained information from Tateho prior to the the announcement, then it could have been prosecuted. Under the new definition, Hanshin Sogo would be a "quasi-insider."

- Japan and the US plan to increase contacts between regulatory and supervisory bodies in the wake of the October plunge in world stock markets.

Contacts established in 1986 between the MoF and the American SEC are to be strengthened and exchanges – such as the Tokyo and New York Stock Exchanges – are to be encouraged to swap information.

The contacts will cover not only suspected frauds – as originally intended – but a range of trading information to help regulatory authorities co-ordinate activities better in the event of another crisis in the financial markets.

A race is on for hedging German bonds. Haig Simonian reports

Liffe eyes D-Mark business

THE LONDON International Financial Futures Exchange (Liffe) is preparing a futures contract to hedge West German 10-year federal government bonds (*Bundesrepubliks* or "Bunds,"), which could be ready to trade by as early as June.

The contract would appeal strongly to the large number of international investors in German government securities, which is one of the largest national debt markets in the world.

The project would also give Liffe a head start over Goffex (German Options and Financial Futures Exchange), the working title for the planned new German market in derivative products, which is due to open at the end of next year.

Mr Michael Jenkins, chief executive of Liffe, says: "The message we get is that there is a need among German institutions, banks in particular, to provide a hedging instrument against German government bonds."

The exchange has been working on the specifics of a contract for some time and taking soundings from a large number of interested parties in both London and Frankfurt. "We believe we have something which is workable, and we will be discussing this with the likely participants," he says.

Although the existing cash market for Bundesrepubliks tends to be concentrated in Germany, there is very substantial trading in London, where both leading US houses and German banks are active. Indeed, the original suggestion for Liffe to devise a German government bond contract came from a big German bank in the City.

As with the birth of many of its other contracts, Liffe envisages launching a futures product first, followed by an option if the response is sufficiently encouraging.

Liffe's plan highlights both the strong demand for an instrument to hedge German bond exposure and the lengthy interval until Goffex opens. The main reason for the wait is the need for changes in Germany's stock exchange law to accommodate futures and options.

Goffex' backers maintain all is running on schedule and that the Government is firmly behind the project. However, convincing politicians about futures and options is never easy, while the Federal Finance Ministry has recently been overwhelmed by a number of other priorities, notably withholding tax and the overshoot in the Government's budget deficit target. Thus Goffex's timetable may yet fall behind.

Even when it is established, however, the market has identified traded options on leading domestic equities as its first contract, with options on bonds and indices to follow.

Liffe's obvious advantage is that it can get its new German contract off the ground quickly. The exchange also feels German regulators have grown more favourable in the past two years. Although it needs no permission from the domestic authorities to trade a new contract, Liffe's policy for all its foreign contracts has been to discuss matters first with the regulators concerned.

The exchange has been pleased with the reaction so far from Mr Claus Köhler, the Bundesbank director responsible – although one senior colleague has described his response as "neutral" as best.

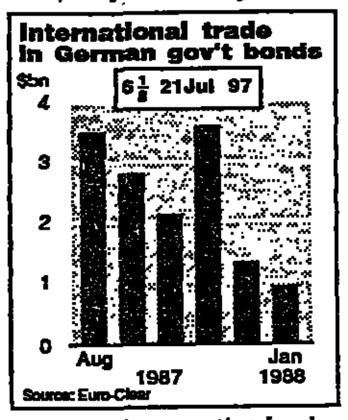
The German central bank certainly recognises the need for new derivative products, notably for hedging Bunds. It would prefer trading to take place in Frankfurt, yet the fact that such a possibility is still some way off makes it hard for the Bundesbank seriously to obstruct Liffe's plans.

More confusing are the signals from Germany's leading banks. Goffex is effectively the brainchild of the big banks, even though officially it is being developed under the auspices of a special committee of the Frankfurt Stock Exchange. Mr Rolf Breuer, the board member of Deutsche Bank responsible for secondary market business, chairs the stock exchange committee, which also includes Dresdner Bank, Commerzbank, DG Bank and DGZ.

Some of the banks may now be in a quandry. As leading participants in the Bund market, the banks are undoubtedly keen to see a hedging instrument introduced as soon as possible.

As backers of Goffex, however, they can hardly encourage a partly competing London project. The City of London has already become very active in the cash market for German stocks and bonds. Many German bankers must now be concerned that, if a derivative market gains a foothold in London first, it may become impossible to entice the business back to Germany.

International trade in German gov't bonds



Source: Euro-Clear

One well-placed observer, says: "It is almost a political issue within the banks. The traders would like to have had the contract yesterday on whichever market they could get it. But at the senior level at some banks, especially those involved with Goffex, it almost boils down to individuals. Some are apprehensive that the contracts should be traded in Germany, not in London first."

Liffe, meanwhile, is taking great pains not to adopt an antagonistic approach to Goffex. Officials are stressing they want to work with the German banks and have no plans to impede the new market. "The policy is to co-operate on this issue rather than bring everything to London," says one offical.

One obvious idea not mentioned is the possibility of initiating a jointly traded contract with Goffex once it is up and running.

Liffe has a difficult task ahead if it decides to go it alone. In recent "wide-ranging" talks, the German Finance Ministry argued strongly that contracts should first be traded in Frankfurt.

Many of the civil servants concerned are new to the world of futures and options and are unfamiliar with Liffe. Yet even better information is unlikely to overcome their basic reluctance to see the development of markets outside Germany.

The ministry's backing is not essential, but Liffe – and the Bank of England – would undoubtedly prefer at least its neutrality.

More important are the banks, especially those behind Goffex. The lynchpin is probably Mr Breuer, who is strongly opposed to Liffe's scheme. If Liffe were to go ahead, Deutsche Bank would not trade its futures contract

Such adamant opposition may be enough to block the proposal. However, if other German banks, including some of those behind Goffex, continue to show interest in the London venture, the position would be harder to sustain.

Dutch urged to speed bond settlement

THE NETHERLANDS must streamline its bond settlement and trading practices or risk becoming a backwater for increasingly demanding foreign borrowers, according to Mr Tyo van Marle, head of Credit Suisse First Boston Nederland, **Reuter reports**

In particular, the Dutch should abandon the case-by-case settlement method and introduce fixed-day settlement on bond transactions, as widely practised in other countries and in the Eurobond market, Mr Marle said.

Trading in Amsterdam is concentrated on the Stock Exchange floor where *hoekman* firms (floor specialists) still act as intermediaries for almost every deal.

Partly because of their reluctance to maintain markets by taking large positions, as much as 20 per cent of trading in Dutch bonds has shifted to London, according to estimates made in Amsterdam.

Australia to launch A$-US$ contract

WITH THE promotional catchphrase "The buck starts here," the Sydney Futures Exchange will launch trading in its new Australia dollar-US dollar contract next Wednesday, writes **Chris Sherwell in Sydney.**

The contract replaces a similar exchange rate contract which was phased out in September. Trading volume for this was low, partly because the rate was quoted in Australian dollars – contrary to customary practice.

The aim of the contract remains the same, however: to allow financial institutions and large corporations to manage the currency risks associated with the Australian dollar's fluctuating exchange rate.

The Australian dollar's volatility since it was floated in 1983 has made it one of the world's most actively traded currencies. Australian dollar futures are already traded on the Chicago Mercantile Exchange and in Philadelphia.

The new contract represents an important, if obvious, expansion for the Sydney exchange. Its existing financial futures contracts cover 90-day bank bills, 10-year Treasury bonds and the local share market index domestically, and US Treasury bonds and Eurodollar interest rates internationally.

Beyond these, the exchange has contracts in gold, wool and live cattle.

Five floor members have agreed to provide buy and sell quotes for two hours each day for a minimum of A$1m for at least 10 weeks after the contract is launched.

The contract itself will be for A$100,000 and will be quoted in US dollars per Australian dollar. Trading hours will be 8.30am to 4.30pm Sydney time. Delivery months are March, June, September and December out to six months ahead.

The specifications are broadly similar to the contract launched in Chicago in January 1987. But the contract has no link with Chicago – which is already tied in with Singapore in the Asian time zone – nor with Philadelphia.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95⅞	96⅜	+0⅛	−0¼	8.69
All Nippon Air 9⅝ 97	100	†98¼	98¾	0	−0½	9.61
American Brands 8⅞ 92	150	98¾	99¼	+0⅜	+0¼	9.13
A/S Eksportfinans 7⅝ 93	100	94⅞	95⅜	0	−0⅛	8.72
A/S Eksportfinans 7¼ 92	150	96¼	96¾	0	−0⅛	8.32
Barc. Bk. Fin. 10¼ 89	200	†103⅜	103⅞	0	−0⅛	8.01
Belgium 9⅛ 92	400	102	102½	+0⅛	−0½	8.49
British Telecom 7⅝ 96	250	91¾	92⅛	+0¼	−0⅛	9.03
British Telecom 8⅞ 94	150	100½	101⅞	−0¼	−1⅛	8.70
Canada 9 96	1000	101¾	102⅛	+0⅛	−0½	8.66
Canadian Pac 10¾ 93	100	†105	106	0	0	9.37
C.C.C.E 7⅞ 91	113	96¼	96⅝	0	−0⅜	8.29
C.N.C.A 7¼ 91	150	96⅛	96⅝	+0⅛	−0⅛	8.38
Coca-Cola Ent. 8¼ 90	100	†101½	102	+0⅛	0	7.40
Credit Lyonnais 9 91	200	102	102½	+0⅛	−0¼	8.13
Credit National 7⅜ 92	100	96⅝	97⅛	+0¼	0	8.27
Credit National 7¼ 91	150	96½	97	0	−0⅛	8.26
Denmark 7⅛ 92	500	95⅛	95⅝	+0⅛	−0¼	8.52
Denmark 8¼ 91	300	†99⅞	100⅜	+0⅛	−0⅜	8.18
E.E.C 7 91	100	96⅛	96⅝	−0⅛	−0⅜	8.13
E.E.C. 7¼ 93	250	95½	96	+0⅛	−0⅛	8.31
E.E.C 8¼ 96	100	95¾	96¼	0	−0⅜	8.94
E.I.B. 7⅝ 93	100	96	96½	−0⅛	−0⅜	8.46
E.I.B. 9⅜ 97	150	101⅞	102⅜	+0⅛	−0¼	9.02
Finland 7⅞ 97	200	92⅜	92⅞	+0⅛	−0⅜	9.11
Finland 7½ 93	200	95⅜	95⅞	+0⅛	−0⅛	8.50
Finland 9⅛ 92	100	†102⅝	103⅛	+0¼	−0½	8.37
Ford Motor Cred 11⅜ 90	100	106	106½	+0¼	−0¼	7.87
Gen Elec Credit 10¼ 00	200	103	103⅜	+0¼	0	9.79
G.M.A.C. 8 89	250	100⅛	100⅝	+0⅛	0	7.67
G.M.A.C. 8¼ 89	200	100½	101⅛	−0⅛	−0¼	7.60
Hoesch 8¼ 97	100	†94	94½	0	0	9.20
Italy 9 90	1000	102¼	102¾	0	−0⅛	7.87
Liberty Mutual 8½ 96	150	†96¼	96¾	+0⅜	−1	9.10
L.T.C.B of Japan 8 91	100	98½	99	0	−0¼	8.40
L.T.C.B.of Japan 8 97	200	91⅛	91⅝	+0¼	−0⅞	9.47
Merceds-Benz Cred 8¼ 92	100	†100½	101	0	0	8.02
Metropolis Tokyo 9½ 93	200	103½	104	+0⅛	−0¼	8.52
Mitsubishi Fin. 7⅞ 93	100	95	95⅜	+0¼	−0⅝	8.97
Mutual America 7⅛ 92	100	†96¼	96¾	0	−0¼	8.71
Norway 7¼ 91	500	†97⅜	97⅞	+0⅜	−0¼	8.07
Pepsico Inc 7⅜ 93	200	96⅛	96⅝	+0⅝	−0⅛	8.24
Prudential Crp. 8⅞ 94	125	101⅜	102	+0⅜	+0¼	8.39
Qantas Airways 10⅜ 95	140	106⅛	106½	+0½	−0⅜	9.15
Saab Scania 9½ 91	125	102¾	103⅜	0	−0½	8.33
Saskatchewan 10¾ 92	100	107⅝	108⅛	+0⅜	0	8.37
State Bk S Aust 9¼ 93	100	101½	102	+0⅜	−0⅛	8.80
Swedish Expt.Crd.7¼ 91	100	96½	97⅛	0	−0¼	8.26
Swed Exp Cred 10 92	100	105½	106	0	−0⅞	8.33
Sweden 7 91	250	96⅜	96⅞	0	−0⅜	8.09
Sweden 7 92	250	95¾	96⅛	0	−0⅜	8.22
Sweden 8¾ 96	200	98⅝	99¼	0	−0¼	8.92
Sweden 8½ 92	200	100¾	101¼	+0⅛	−0½	8.20
Toyota Mtr. Cred. 9 90	200	102⅝	103	0	−0¼	7.91
Toyota Mtr.Cred.7⅛ 92	150	†95⅜	95⅞	0	−0¼	8.47
Victorian Rep 11⅛ 92	150	109⅞	110⅜	+0¼	+0⅛	8.63
World Bank 7 92	300	†96	96½	0	−0¼	8.14
World Bank 9 97	300	99¾	100⅛	+0⅛	−0⅜	8.98
Yasuda Trust Fin 8½ 93	100	98⅛	98½	+0⅛	−0⅜	8.90

Average price change... On day +0⅛ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	102⅛	102⅝	−0⅛	+0¼	5.55
Avis Fin.SVS 5⅞ 92	100	†103¼	103¾	0	0	4.90
Bank of Tokyo 5¾ 93	100	†103½	104	+0½	+2⅛	4.89
Central BK. Turkey 7 92	200	†103½	104	−0⅛	0	6.03
Degussa Int. 6⅛ 97	200	99⅝	100⅛	+0¼	+0⅜	6.15
E.I.B 5½ 98	150	95⅞	96⅜	0	+0⅜	6.00
E.I.B 6 97	300	99⅞	100⅜	−0½	+0⅛	5.96
E.I.B. 6⅛ 96	300	†101⅜	101⅞	0	−0⅛	5.87
E.I.B. 6⅛ 97	400	100¼	101	−0⅛	−0⅜	6.03
E.I.B. 6⅞ 95	300	106½	106⅞	−0⅛	0	5.80
Euro.Coal& Steel 5⅞ 97	175	98⅞	99⅜	−0¼	0	5.99
Eurofima 6¼ 96	100	101⅞	102⅜	0	0	5.89
Elec De France 5¾ 97	300	98⅛	98⅞	+0¼	+0¼	5.96
Forsmark Krtg. 5⅛ 93	200	100⅛	100⅝	0	+0⅜	5.04
I.A.D.B. 6 97	200	98½	99¼	−0⅛	0	6.16
IBJ 5⅞ 92	100	†103	103½	0	0	5.07
Japan Finance 5¾ 97	100	97⅞	98⅜	0	+0⅛	6.08
Ireland 6½ 97	300	†100½	101	+0⅛	+0½	6.38
Korea Dev BK 6⅜ 93	100	102⅞	103⅜	−0⅛	+0⅛	5.88
Malaysia 6¼ 94	150	99⅞	100⅜	0	+0⅝	6.39
Oesters. Kontbk. 5 93	300	99¾	100¼	−0⅛	+0⅛	5.03
Portugal 5¾ 92	150	102¾	103½	−0⅜	−1	4.94
Portugal 6⅝ 95	150	102⅞	103¼	0	+0⅛	6.15
Royal Insurance 5½ 92	300	†102	102½	0	−0¼	4.88
Statoil 6¼ 97	200	†99⅜	99⅞	−0⅛	−0⅛	6.30
Soc Cent Nuclear 7¼ 95	150	103⅞	104⅜	+0¼	+0½	6.50
Tokyo Elec. Power 6 97	300	†98⅞	99⅜	+0⅛	+0⅞	6.09
World BK. 6¼ 97	600	101¼	102	0	0	5.93

Average price change... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅛ 96	100	†102½	102¾	−0⅛	0	5.23
Asfinag 5 02	150	†100	100¼	−0¼	−0⅝	4.98
Bayer W/W 2½ 02	250	†97½	97¾	+0⅜	+1⅞	2.70
Bayer. Vrnsbk.Os.4¾ 98	100	†101	101¼	0	0	4.61
Bk. Frgn.Econ. USSR 5 98	100	†100¼	100½	0	−0¼	4.95
Elec.De.France 5 07	100	†100¼	101	+0⅛	+0⅜	4.95
E.I.B. 4¾ 97	200	†100½	101¼	+0⅛	+0⅜	4.60
E.I.B 4¾ 97	200	†100	100¼	+0⅛	+0⅝	4.61
Enso Gutzeit 5 99	100	†101	101¼	+0⅛	+0⅞	4.87
Ireland 5 02	150	†97¾	98	+0⅛	−0¼	5.21
Nippon Suis.Ksha.4⅝ 93	80	†103	103½	0	0	3.93
Occidentl.Petrol 5¾ 92	100	†103½	103¾	+0¼	+0½	4.73
Prov.of Manitoba 4¾ 02	200	†101½	102	−0¼	−0⅜	4.52
Prudential Fin. 4¾ 98	200	†101	101¼	0	0	4.60
Qantas Airways 4¾ 97	110	†99½	99¾	0	−0½	4.80
SHV Holdings 4¾ 94	100	†101	101¼	+0⅛	+0¼	4.54
Trans-Can. Pipe 4⅞ 94	100	†101¼	101½	−0⅛	−0½	4.61
Usf+a. 5½ 96	120	†103¾	104	−0⅜	−0¼	4.89
Victoria Pub.Ath.5⅝ 03	118	†102¼	102¾	−0⅛	−0⅜	5.13
World Bank 5 02	200	†99½	99¾	+0⅜	+0⅜	5.03

Average price change... On day +0⅛ on week +0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101⅝	101⅞	0	−0¼	4.95
Belgium 4⅝ 94	45	96½	96⅞	0	−0½	5.26
E.I.B 4⅝ 94	40	97⅛	97½	+0⅛	−0¼	5.12
Elec. De France 5⅛ 94	20	99⅞	100⅜	[illegible]	[illegible]	5.10
Kansai Electric 4⅝ 94	60	96½	96⅞	0	−0⅛	5.27
Norway 4¼ 92	60	97⅜	97⅞	0	−0⅛	4.92
Rep. of Italy 5¼ 92	150	103¼	103½	0	−0¼	4.80
Sweden 4⅞ 92	50	97¾	98⅛	+0⅛	−0⅛	4.89
World Bank 5½ 92	50	102¾	103	0	−0⅜	4.78

Average price change... On day +0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS 10¼ 93 £	50	99⅝	100⅛	+0⅛	+0⅜	10.28
Aegon 5¾ 91 FL	100	102¼	102¾	−0½	+0½	5.01
Aegon 8¼ 89 FL	100	103½	104⅛	0	+0⅛	5.30
Alg. Bk. Ned. 5¾ 91 FL	100	101¾	102⅜	0	+0⅜	5.11
Amro Bank 6¼ 92 FL	150	102½	103⅛	0	+0¼	5.53
Amro Bank 6 92 FL	200	100⅞	101½	−0⅛	−0⅛	5.68
Barc. Bk. 10¼ 97 £	250	98⅞	99⅜	+0¼	+0½	10.43
BP Capital 13¾ 92 A$	75	103⅝	104⅛	+0⅛	−0⅛	12.50
Creditanstlt.14⅛ 90 A$	60	†103	103½	+0⅛	+1¼	12.34
Denmark 7¾ 92 ECU	100	100½	101	−0¼	−1	7.52
DG Fin. Co. 13¾ 90 A$	50	†103½	104½	−0⅝	−0⅝	11.76
DG Fin. Co. 14 90 A$	75	†103	104	0	0	12.19
DG Finance 14⅝ 92 A$	50	†102⅞	103⅜	−0⅛	−0⅛	13.31
Deutsche Bank 9⅞ 97 £	75	†98⅞	99⅜	+0⅛	+0⅞	10.02
Deutsche Bk.14¼ 92 A$	100	†105⅝	106⅛	−0⅛	−0⅛	12.31
Dresdner fin.13⅞ 91 A$	100	†104¾	105¼	0	+0½	11.88
E.I.B 8⅝ 93 LF	1000	†102	103	0	0	7.99
Euratom 7⅜ 97 ECU	145	95½	96	−0¼	−0⅜	8.04
Euratom 11½ 88 FL	150	101½	102⅛	−0⅛	−0⅛	0.05
Eurofima 13 93 A$	75	101	101⅜	+0½	+0⅞	12.67
Eurofima 17½ 89 NZ$	50	†102¼	103¼	0	−0½	15.43
Finland 6 91 FL	100	102	102⅝	−0⅜	0	5.32
Ford.Mtr.Cred.13¾ 91A$	75	101⅝	102⅛	0	−0½	12.99
Gillette Can. 9⅝ 93 £	70	96⅛	96⅝	+0¼	+0⅛	10.53
G.M.A.C. 9¼ 92 C$	75	100¾	101¼	0	+1⅞	8.93
G.M.A.C Aus.Fin.14 90 A$	50	102	102⅜	0	+0⅜	12.81
Halifax BS 10⅜ 97 £	100	98¾	99¼	+0⅜	0	10.55
Heineken NV. 6½ 91 FL	150	†104	104½	+0¼	+0¼	4.92
Honda Mtr.W/W 3⅞ 90 FL	100	†110½	112½	0	+2½	−1.51
Imp Chem Inds 10 03 £	100	95¾	96¼	+0¼	+0½	10.53
Inv.In Ind.Intl 10 93 £	60	99¾	100⅜	+0⅜	+0⅝	9.98
Leeds B.S 10½ 91 £	50	100½	101	+0¼	+0⅝	10.19
Mort.Bk.Denmark 6 91 FL	150	100⅝	101¼	0	−0¼	5.73
Mtge. Bk. Dn. 6¾ 91 FL	100	102⅞	103½	0	+0½	5.60
Nat.Australia 14 92 A$	50	103⅛	103⅝	+0⅛	+0½	−0.61
Nat. West.Bk.13⅛ 92 A$	50	†102	102½	+0⅛	+0⅞	12.43
Nationwide BS 10⅛ 93 £	75	99⅝	100⅛	+0½	+0¾	10.14
New Zealand 7¾ 93 ECU	200	99⅝	99⅞	0	−0¼	7.84
Oesters.Kntbk.13⅝ 94 A$	75	104⅛	104⅝	+0⅛	+0¾	12.58
Prudential Fin.9⅝ 07 £	150	89⅝	89¾	+0⅜	+0½	10.67
S.D.R. 7¾ 95 ECU	90	99½	100	−0⅛	−0⅜	7.79
Tsthouse Forte 11⅛ 90£	50	101¾	102⅜	+0⅛	+0¼	9.94
World Bank 6½ 90 FL	100	102⅞	103½	+0⅜	−0¼	5.16
World Bank 5¾ 93 FL	100	101⅝	102⅛	0	+0¼	5.16
World Bank 5¾ 92 FL	100	101¼	101⅝	0	+0¼	5.36
World Bank 13⅜ 92 A$	100	†102⅝	102⅞	+0⅛	−0¼	12.51

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.29	100.39	13/06	8.17
Alliance & Leic.Bld 94 £	.08	99.02	99.07	21/04	9.02
Belgium 91	0	100.15	100.25	19/02	7.19
Britannia 5 93 £	0⅛	99.58	99.63	8/04	9¼
Chase Manhattan Corp 91	0¼	99.15	99.40	22/02	7.19
Citicorp 98	†0¼	96.65	96.90	29/02	7.69
EEC 3 92 DM	†0	100.25	100.30	22/02	4.31
Halifax BS £ 94	.1	99.52	99.57	8/02	8.97
Invt. in Industry £ 94	0	99.44	99.52	24/02	9.44
Midland Bank 01 £	.1	94.92	95.75	11/02	8.97
Milk Mkt.Brd. 5 93£	0⅛	99.53	99.58	30/03	9
New Zealand 5 97 £	.07	99.37	99.47	18/02	9.06
New Zealand 5 01	0	98.94	99.04	4/08	6.98
Shearson Lehman Hlds 91	†0⅛	99.00	99.50	8/02	7.62
United Kingdom 5 92	0	100.08	100.15	7/04	7.12
Woodside Fin. 5¼ 97	0	98.87	98.97	28/04	7.13
Woolwich 5 95 £	0⅛	99.30	99.34	19/02	9.12

Average price change... On day −0.01 on week −0.03

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	95¼	96¼	+2⅛	27.67
Alco Health 6¼ 01	†7/86	26.25	78½	79½	0	25.68
American Brands 7¾ 02	†9/87	56.7	99	100	−0½	23.31
American Can Co. 5½ 02	4/87	66.75	67½	68½	+0¼	60.67
Ashikaga Bank 2⅛ 02	4/87	967.	119⅝	121¼	+0⅜	−0.25
Asics 5 92 DM	12/83	438.6	154¼	155¼	+5	1.19
CBS. Inc. 5 02	4/87	200.	92⅛	93⅛	+0¼	14.79
Fuji Hvy Inds 3 00	8/85	676.	164	165⅝	+0¼	3.59
Fujitsu 3 99	5/84	1106.	222	223	−1½	−1.93
Gunma Bank 2⅛ 02	4/87	808.	141⅛	142⅞	+1⅛	0.44
Land Secs. 6¾ 02 £	6/87	6.72	90⅝	91½	0	24.72
MCA Inc 5½ 02 US	9/87	69.62	83¾	84¾	+3⅛	23.49
Minolta Camera 2¼ 94DM	2/86	1004.	92¼	93¼	+1	34.92
Mitsui Trust 2⅝ 01	10/86	1903.	148	149⅝	+0½	4.82
Next Plc 5¾ 03 £	11/87	4.3	100⅝	101⅝	−0¼	68.47
Nippon Elec 2⅛ 00	†1/85	1295.	294	295	+1	−1.57
Onoro Tateisi 2⅜ 02	4/87	1310.	193	194½	−3⅞	−2.62
Ranks Hovis 4¾ 03 £	1/88	3.5	107¼	108¼	+0⅜	23.24
Redland 7¼ 02 £	1/87	5.4	91⅞	92⅞	+0⅜	24.71
Texas Inst. 2¾ 02 US	9/87	82.87	79¼	80¼	+0¼	35.57
W.R. Grace 6¼ 02 US	9/87	42.12	83¼	84¼	+1⅛	31.25

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OM earnings climb 46%

By Sara Webb in Stockholm

OM, ONE of the two Swedish options markets, has reported a 46 per cent increase in 1987 profit (after financial items) to SKr220m ($36.1m).

OM was the first Swedish options market to be launched. Since its start-up in June 1985, business volume has increased rapidly.

It started by offering share and interest options, then introduced index options at the end of 1986 and is now considering currency options.

Income last year totalled SKr30.6bn – over four times the previous year's SKr7.3bn.

Index options now account for 52 per cent of premium turnover, with an average of 27,000 contracts traded daily, compared with 8,900 contracts for share options. Turnover in options increased sharply after the October bourse crash, OM said.

The board proposes raising the dividend from SKr5 to SKr8 and making a two-for-one rights issue.

Financial Times Thursday February 18 1988

UK COMPANY NEWS

GrandMet pension fund gives £150m surplus

BY ERIC SHORT, PENSIONS CORRESPONDENT

Grand Metropolitan, the UK-based drinks and hotels group, yesterday announced a £150m surplus in its UK group pension fund following the valuation made as at October 1 1987.

Mr Ron Amy, group pensions director, said that the subsequent stock market crash made no difference to this surplus. The group's actuaries, Bacon and Woodrow, have valued the equity holding on the basis of discounting future dividend income.

Around £100m of the surplus is being retained for the benefit of the company. It will enable the company to continue paying reduced contributions to the pension scheme – which it started in October 1985 – at least until the end of the century instead of until 1992 as first envisaged.

This is currently adding £9m a year to the group's pre-tax profits.

The remainder of the surplus, some £50m, is being used for the benefit of employees and pensioners.

There are special increases for older pensioners to restore the real value of their pensions, though the group has a good record in this respect.

However, the main improvements relate to better pensions on early retirement.

The group has completely revamped its benefit structure on its UK schemes, introducing a common retirement/pension age for both sexes of 63 as from April 1988. But there will be no actuarial penalties for early retirement between ages 58 and 63, though employees retiring early will have a lower number of years accrual for the pension paid.

In addition, there are improved "breakdown in health" pensions and the introduction of a new benefit – a child allowance for dependents of employees who die in service or after retirement.

Finally, Grand Metropolitan is reducing employees' contributions to the pension schemes. On its 1/60th scheme the rate is cut from 6 per cent to 5 per cent, while on 1/80ths scheme it is cut from 4 per cent to 3½ per cent. On each scheme the company is paying 1 per cent more.

The company is also announcing changes to meet the new pensions environment coming into effect from April.

One main change is the introduction of a new company money purchase scheme to run alongside the main final salary schemes – the in-house personal pension scheme. Employees will be eligible for membership as soon as they join the group and can switch into the final salary scheme at any time after the one year eligibility

Independent News up 39%

BUOYANT conditions in the group's international markets boosted taxable profits at **Independent Newspapers** by 39 per cent to I£8.43m (£7.52m) in the 12 months to December 25 1987.

Directors of the Dublin-based publisher said that excellent results were achieved by the company's operations in the UK and France, while activities in West Germany continued to trade satisfactory.

The pre-tax outcome was posted on an 18 per cent increase in turnover from £75.77m to £89.18m, and a profit of £337,000 as the group's share of results of associated companies (£120,000).

After tax of £901,000 (£780,000), earnings per share came through at 31.8p against 23.06p in 1986.

A final dividend of 9p is proposed, making 13.5p (12p) for the year.

Domestic operations all improved their contributions to profitability, the directors added. Significant progress had been made at the Abbey Street national publishing base in relation to the critical first stage restructuring programme. The directors expect the latest technology to be in operation at the site over the next few months.

The restructuring resulted in an extraordinary debit of £6.41m.

● comment

Independent, already publishers of Ireland's largest-selling newspaper, Sunday World, a popular colour tabloid, is poised to release an Irish version of The Star on the unsuspecting Republic as part of a marketing agreement with United Newspapers. Confidence in this project and the long-overdue installation of new technology at the existing titles is unlikely to translate into profits until 1989. Meanwhile, in the absence of any breakdown of the results, it seems the group's home companies are overshadowed by the performance of its outdoor advertising companies overseas and the UK regional newspaper and magazine publishers. As a whole, Independent looks healthy, with overseas acquisitions likely in 1988, perhaps including some more British newspaper groups. This year's tax charge of 11 per cent will stay low because of substantial capital allowances and analysts have adjusted their forecasts upwards to around £10m before tax for 1988. This puts the shares, which closed 28p up at 430p in Dublin yesterday, on a prospective multiple of around 12 which looks fairly valued.

Green Property

Green Property Company, Dublin-based property investment and development group, reported a slight increase from I£1.38m to I£1.4m in pre-tax profits for 1987. The final dividend is raised from 1.6p to 1.9p net, for a total of 3p, compared with 2.7p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Automagic § ....int	2.25	May 4	2.25	-	6.5
Berry Trust	1				
British Kidney ....fin	7.25	-	6.25	7.25	6.25
Green Property ....fin	1.9♣	-	1.6	3	2.7
Independent News....fin	9♣	-	8	13.5	12
Manganese Bronze....int	2.25	Apr 6	1.5	-	4.5
Northern Secs.	1.5	Feb 25			
Tst of Property ....fin	0.67	Apr 18	0.58	0.67	0.58

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♦Unquoted stock. ♥Third market. ♣Irish currency throughout. Special dividend.

AJS still opposes Drayton Japan split

By Nikki Tait

Drayton Japan, the $250m MIM-managed investment trust, yesterday published full details of its controversial "split level" reconstruction scheme – only to have 27 per cent shareholder, AJS Partners, reiterate opposition to the proposals.

The Drayton scheme aims to reduce substantially the discount on the trust overall.

Very broadly, there would be a scrip issue, so that "reorganisation" net asset value attributable to each existing ordinary share works out at 300p; each share would then be divided into one dividend share, one preferred capital share and one capital growth share. Because of the capital and income entitlements attached to each class, the trust's advisers estimate that each share should start trading at between 96 and 104 per cent of nav.

Shareholders would also receive one warrant for every five capital growth shares, allowing them to subscribe for one capital growth share at 200p.

The features of the new share classes are:

● dividend shares: enjoy all the net revenue of the company, but will only get back their 5p par value on winding-up. The initial gross running yield is estimated at 15.1 per cent and the gross redemption yield at 15 per cent. "In view of the time needed to reorganise the portfolio," the scheme proposes to use the £2.3m revenue reserve to fund initial payments on the dividend shares, instead of treating this as part of the reorganisation nav.

● preferred capital shares: initial capital entitlement is 100p, increasing monthly at an annual rate of 11.6 per cent.

● capital growth shares: these enjoy the remaining growth in the company's assets.

Yesterday, however, AJS reiterated its complaint that there is no cash exit route provided – a matter which appears to have engendered some sympathy amongst UK institutions. "There are plenty of ways they could do this," argued the New Jersey-based partnership. "There has been no attempt to address the wishes of these shareholders." It also questioned the potential overhang on the new shares if shareholders exited through the market and criticised the use of the revenue reserve to meet initial dividend.

Meanwhile, AJS's managing general partner, Mr Andrew Shechtal, dismissed the raid by Federal authorities last December on three Princeton investment partnerships as "irrelevant" to AJS and to its involvement with Drayton Japan.

One of the three entities involved was Newport Arbitrage Partners, a subsidiary of Princeton/Newport Partners, which is a major partner in AJS Partners. All three entities operated from the same address in New Jersey – also used by AJS.

In addition, the authorities sought personal records belonging to four people – three of whom are partners in Princeton/Newport. However, Mr Shechtal stressed that the events were in no way related to himself personally and that the New Jersey businesses are vigorously contesting any suggestions of securities or tax fraud.

ISSUE NEWS

BY PHILIP COGGAN

Signs of life returning to the market

THE NEW issues market, which was badly hit by the crash, showed signs of renewed life yesterday with two major main market placings and the announcement of the oversubscription of **AMI Healthcare's** offer-for-sale.

Indications are that the private medical group's £50m offer was 2.5 times subscribed. Although that it is not high by the standards of last summer's "new issue fever," it is a creditable performance after the flop of the BP issue and the undersubscription of November's **Eurotunnel** offer.

One of yesterday's placings, **TIP Europe**, had planned to raise £25m via an offer-for-sale until the crash disrupted its flotation. Now TIP and fellow main market entrant **Shanks & McEwan** are raising the maximum £15m allowed via a placing; add in the £80m being raised by **London Forfaiting**, which is likely to announce subscription levels over the weekend, and this is easily the most signicant week for new issues since October.

TIP Europe valued at £83m in placings

TIP Europe, trailer rental company, has joined the market via a placing after abandoning earlier plans for an offer-for-sale because of the market crash.

The current issue is raising the maximum of £15m allowable in a London placing and a further £2.5m via a placing in Amsterdam. The combined placings value the company at £83.1m.

TIP Europe was formed after a management buy-out in 1986 of the European operations of TIP, a US company which was itself a division of another US company, Gelco. Most of the money being raised will be used to pay off debt incurred at the time of the buy-out.

TIP is Europe's largest trailer rental organisation. In the year before the buy-out, profits fell because of a decision by the US parent to close down the French operations. But in the year to July 1987, pre-tax profits rose to £7.21m (£4.76m).

Kleinwort Benson is placing 12m shares in London and Nederlandse Credietbank 2m shares in Amsterdam at 125p each. After allowing for the interest benefits of the flotation, the shares are on a historic p/e of 11 at the placing price.

See Lex

Shanks & McEwan obtains listing

FEW EXECUTIVES would relish a description of their business as a load of rubbish. But the epithet is literally, rather than metaphorically, true of **Shanks & McEwan**, one of yesterday's two new entrants on to the main market.

Shanks is the largest UK operator of landfill sites, where local council, industrial and commercial customers deposit their refuse.

The original Shanks construction business was established 100 years ago but the company gradually diversified in the 1960s and 1970s. When Mr Peter Runciman, the current executive chairman, joined the group in 1980, he moved it out of housebuilding, rationalised the construction business and expanded the waste handling division.

The group was transformed in April 1986, when it acquired London Brick Landfill for £33m from Hanson Trust. London Brick had owned a lot of clay pits, which tend to be the most suitable sites for landfill operations.

With further purchases of sites since then, Shanks has acquired, or has options or rights to acquire, around 240 million cubic metres of void space for waste. That represents around 48 years space at Shanks' current fill rate of 5m cubic metres per annum. This gives the group plenty of scope for expansion and Shanks estimates that, in the year 2000, it will have around 42 per cent of the south east's available landfill space.

Last year, the group made pre-tax profits of £7.85m (of which two-thirds came from waste handling) on turnover of £50m and it is forecasting pre-tax profits of £9.6m for the year to March 1988.

Hoare Govett is placing 2.3m shares in the company, at 650p each, in order to raise just short of £15m. The shares are on a prospective p/e of just under 18 at the placing price and the group will be capitalised at £135m.

London Forfaiting postal application deadline

Hand-delivered applications for shares in **London Forfaiting**, the export credit company which is raising £81m on the USM, must still be delivered by 10am today. However, there is a two-day extension to the deadline for postal applications, which must be posted by 11am today to arrive on Saturday February 20.

This has had to be extended following complaints that the priority pink application forms for shareholders of British & Commonwealth, a shareholder in London Forfaiting, had failed to arrive in time

Automagic lower at half year

BY DOMINIQUE JACKSON

Automagic Holdings, USM-quoted heelbar operator and key cutter, saw pre-tax profits fall from £182,000 to £103,000 in the 24 weeks to October 17 1987 although turnover rose from £3.96m to £4.47m in the same period.

The directors said sales in the early months of the financial year were low, in line with the shoe repair trade generally, and that increased finance charges had also depressed profits.

The costs of moving the head office from London to Harpenden last year and long term finance for the new premises added to borrowings. However, directors said rigorous cost-control measures were in force and efforts were being taken to reduce bank borrowings.

Earnings per share for the interim period slipped to 1.2p (1.9p) while the dividend was unchanged at 2.25p net.

Hampshire shoe repair chain, Normand Sweet, which Automagic purchased for £440,000 in 1986 was now fully integrated into the company and additional expenditure resulting from the final closure was reflected in the interim results.

Dry cleaning subsidiary, London Valeting, achieved profitability in September 1987 and should contribute to group profit

Automagic operates through 132 branches, many due for fullrefurbishment, and has a programme of openings scheduled for 1988. Opportunities for growth through acquisitions and diversification into related activities are also being sought.

● comment

Automagic took on a handful of onerous burdens last year with the move to Harpenden and freehold purchase of the new headquarters plus the Normand Sweet acquisition with its attendant costs. Borrowings approached £2m, pushing gearing up to 83 per cent. Already overstretched, the heel bar chain was further hit by a slowdown in trade which saw stock levels rise to an unacceptable £1m. It seemed like the final straw when the Kings Cross underground fire robbed Automagic of one of its prime locations. However, the company has moved to cut stock levels and borrowings and should shortly reduce the heavy interest charge which is eroding profits. Automagic still seems set on expansion although with niche retailers like Tie Rack and Sock Shop competing fiercely for key sites such as stations, it may find this costly. However, the company has managed to maintain its dividend while struggling to get itself together and with a yield of around eight per cent, many investors will still find this stock an attractive proposition.

Turnover rises at Sock Shop

By Heather Farmbrough

MS SOPHIE MIRMAN, chairman of Sock Shop, the specialist retailer, said yesterday at the company's annual meeting that "the first four months of the financial year had shown significantly increased turnover, not only from existing shops but also by achieving higher sales in established outlets."

Mr Peter Moss, director for corporate development, said that turnover was 12-13 per cent higher in existing shops, with the overall increase in double figures.

Sock Shop intends to open 30 outlets in the UK and 12 in the US this year. It has recently strengthened its management and is expanding its design team. The company is installing electronic point of sale equipment into some of its outlets and is currently negotiating the acquisition of a 58,000 sq ft storage depot outside London.

The financial year end is being changed from September 30 to 28 February, which means that the next accounting period will cover the 17 months to February 28 1989, with two interim announcements and dividends.

Taxis boost Manganese

BY FIONA THOMPSON

STRONG orders for black London taxis helped **Manganese Bronze** boost profits by 51 per cent for the six months to January 31 1988. The pre-tax figure rose to £2.35m from £1.55m last year and earnings per share moved ahead from 6.03p to 9p.

The company has three divisions, vehicles, powder metals and foundries. "Most growth was in the vehicles division," Mr Jamie Borwick, managing director, said yesterday.

Since last year, the company has faced competition in the form of Metro-Cammell Weymann's Metrocab, after enjoying a monopoly position for 17 years. Manganese launched a revised version of its standard taxi in September and so far has delivered 900 and have another 1,200, worth £15.5m, on the order books.

The foundries division, specialising in high technology products such as valves for nuclear power stations, stainless steel beer taps and precision components with a top quality, lost wax finish, continues to improve. The Darlington foundry is now on 24-hour working and two more furnaces have been ordered. In the powder metals division, the company has been attempting to boost its market share outside the UK. "We are selling quite a lot of bronze powders in Europe and sales of stainless steel powders in the US have trebled in the past few months." said Mr Borwick.

Turnover for the six months rose from £25.49m to £27.53m and tax took £822,000, against £544,000 last time. An interim dividend of 2.25p (1.5p) was declared.

● comment

Regional authorities were loathe to stipulate minimum taxi standards when one company held a monopoly, but very keen once competition had arrived in the shape of Metrocab. In fact, Manganese Bronze has benefited from this, boosting its provincial sales of new, and especially second-hand cabs. Yesterday's figures were better than expected, and all from organic growth. The Darlington foundry is actually having to turn away work, while waiting for two new furnaces to come on stream. The only gloom surrounds the Deans Powered Doors business, with the bus door market contracting, but the company is hoping to switch to train doors. The shares closed 16p up last night at 215p. Assuming pre-tax profits for the full year of £5m, that produces a prospective p/e of about 11, reasonable value.

TR Technology stake freed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ELEVENTH hour undertaking by **Firmandale Investments** not to dispose of its 27 per cent share stake in **TR Technology Investment Trust**, part of the Touche Remnant group, yesterday persuaded a High Court judge to end a temporary order freezing the 116m shares.

Firmandale had gone to court to try to end the injunction granted to T R Technology in December under provisions in the 1985 Companies Act relating to the disclosure of interests in shares.

On Tuesday, the sixth day of the hearing, Firmandale, a Jersey-based company, undertook not to dispose of the shares pending the full trial of the action in which T R Technology is trying to discover who was behind Firmandale's acquisition of the shares.

Mr Justice Hoffmann stressed that his decision did not entitle Firmandale to say that it had won the legal contest. All he had done, he said, was to refrain from making a final order without giving Firmandale the opportunity to argue its case at a full trial.

The undertaking would protect T R Technology's interests pending a speedy trial, he said.

The judge said that, had it not been for the undertaking, he would have dismissed Firmandale's application because there was an issue to be tried as to whether Firmandale had fully answered the legal requirement that it disclose the nature of other interests in the shares.

When the freezing order was made there had been evidence suggesting concealment of the identity of the true beneficial owner of Firmandale and the shares and that some "party of substance" was controlling Firmandale.

It was a legitimate inference from the evidence given in the latest hearing that the party was either James Hardie Industries, (JHI), one of the largest Australian industrial companies, which had guaranteed bank loans for the purchase of the shares, or Berkeley Govett, an investment adviser and manager, with which JHI had a close relationship.

T R Technology would be reasonably entitled to infer that the real owner of the 27 per cent stake was JHI and that it had put the holding at the disposal of Berkeley Govett in the latter's attempt to wrest the management of T R Technology from the present board, the judge said.

T R Technology, he said, had an unqualified right to know who was the real owner of its shares and to insist that "contests for the hearts and minds of shareholders are conducted with cards on the table."

After learning that Firmandale, which had been incorporated last September, had acquired a block of its shares, T R Technology served a notice under section 212 of the 1985 Act requesting information.

Firmandale's answer, which denied any agreement or arrangement connected with Berkeley Govett, had opened up trails to companies, trusts and individuals (including two children) in Hong Kong and Jersey – and disclosed that nine banks or financial institutions held a security interest over the shares, the judge said.

T R Technology's view had been that Firmandale, which had authorised capital of $10,000 (£6,730) did not appear to have any source of funds apart from the banks "and banks do not lend £90m for share purchases to a small Jersey company merely on the security of the shares," the judge said.

The improbability had been heightened by the fact that the Stock Exchange collapse had intervened after £60m worth of shares had been purchased, without apparently causing any concern to the banks, the judge added.

Public Works Loan Board rates

Effective February 17

Years	Quota loans repaid by EIP†	Quota loans repaid ATT	Quota loans repaid at maturity	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid ATT	Non-quota loans A* repaid at maturity§
1			9[illegible]			10[illegible]
Over 1 up to 2	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 2 up to 3	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 3 up to 4	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 4 up to 5	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 5 up to 6	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 6 up to 7	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 7 up to 8	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 8 up to 9	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 9 up to 10	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 10 up to 15	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 15 up to 25	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]
Over 25	9[illegible]	9[illegible]	9[illegible]	10[illegible]	10[illegible]	10[illegible]

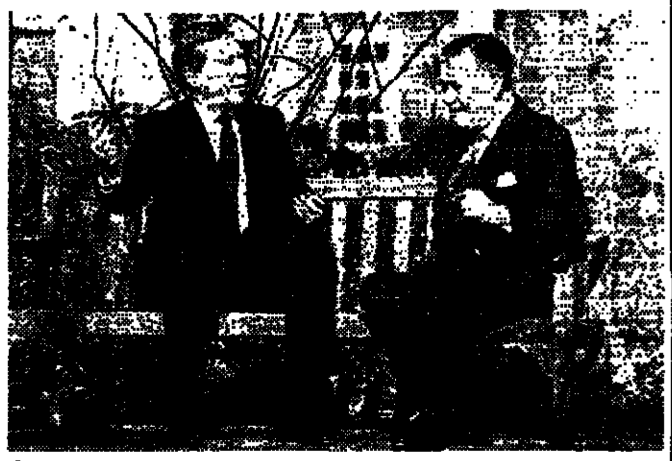
*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

British Airways profit at £267m for nine months

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

British Airways yesterday announced third quarter pretax profits of £35m, against £37m for the comparable period, and taxable profits for the nine months to end-December of £267m, against £178m. It also disclosed that it had increased its stake in Hogg Robinson, the travel group, from just under 5 per cent to 9.7 per cent.

BA said it wanted to have a larger say in Hogg Robinson, one of the two main sales outlets for its tickets (the other being Thomas Cook). But Lord King, BA's chairman, described the purchase as "a long-term investment" and stressed that the group had "no present intention of making an offer for the remaining shares" of Hogg Robinson.



Sir Colin Marshall (left), BA chief executive, and Gordon Dunlop, financial director, take the air after announcing the results

Turnover in the third quarter totalled £881m (£801m), while after tax of £12m (£1m) earnings per share worked out at 3.2p (5p). For the nine months, turnover totalled £2.84bn (£2.5bn), while earnings per share totalled 24.2p (24p).

These figures do not include British Caledonian Airways, which was still in the process of being taken over by BA during the quarter.

Consolidated results for the combined BA/BCal group, including the BCal results from the date of acquisition, will be prepared for the full year to March 31.

Lord King said yesterday the indications were that business in the immediate future would remain relatively buoyant and he continued to look to the future with confidence.

This was despite the fact that trading losses normally incurred in the fourth quarter would be higher than usual, as a result of the expenses incurred in taking over British Caledonian.

The two organisations are to be combined, with scheduled services operating under the name of British Airways and charter services under the name of Caledonian Airways.

BA traffic figures for the nine months showed significant increases on the comparable period of the previous year, with total BA passengers handled, including charter traffic, of 17.97m, against 15.7m, with cargo rising from 218,000 tonnes to 252,000 tonnes.

During the third quarter, BA finalised arrangements for a $2bn (£1.15bn) facility to finance its future aircraft requirements. It is also in the process of raising £100m by way of Eurosterling notes and arranging a private placement of $250m 12-year floating rate notes to Japanese investors, which will be swapped into fixed rate dollars.

See Lex

David Waller looks at Trusthouse Forte's renewed interest in Savoy Hotel group

Share split is still main barrier

"...the Savoy, which combines grandeur with homeliness, luxury with simplicity, and good taste and comfort so skilfully that it may be called the best-loved hotel in the world."

So wrote Compton Mackenzie in 1953, the year in which the compelling charms of the Savoy group of hotels – which include Claridge's, the Connaught and the Berkeley – first attracted the attentions of an unwelcome predator.

As events this week show, the group's charms to predators – in this case, Trusthouse Forte – are not much diminished many years later.

On Monday night, THF received an affidavit from the Savoy, which in turn prompted a caustic response from THF. The details of the exchange are obscure – partly because the affidavit has not been published, partly because of the complexity of the issues at stake – but out of the mist of speculation it emerged that Sir Hugh Wontner is to retire from the Savoy board after more than 47 years as a director, 36 of which were as chairman.

"Why they chose to reveal this in an affidavit, I do not know," said THF chief executive, Rocco Forte, yesterday. "It will be interesting to see whether he gives up his apartment at Claridge's. If he did, the company would benefit to the tune of £500,000 a year."

THF's pique is wholly understandable. In apparent defiance of the fundamental principle of capitalist society, that ownership should be wedded to control. THF owns 69½ per cent of Savoy's equity capital and yet has absolutely no influence on the management of the group. The reason is that THF owns only 42½ per cent of the Savoy's high-voting 'B' shares.

The split of the company's share capital into 'A' and 'B' shares must rank as one of the most effective defence manoeuvres in UK corporate history. The original split took place in 1955 at Sir Hugh's initiative, and from that time on the company has been able to preserve its independence against all comers.

The move was a belated response to separate takeover attempts from Mr Charles Clore and Mr Harold Samuel some two years earlier. Then, as now, it was a battle between the Establishment and the Outsider. Clore – the Brunel of financial engineering – and Samuel made an assault on the sensibilities, as well the watering-holes of the English upper classes. The Establishment rallied to its own.

In time, the pair would be absorbed into polite society: as chairman of Land Securities, Mr Samuel was to become the post-war property world's most prominent figure, and Mr Clore was to acquire wealth, and respectability, in proportion as the Sears Group grew in size.

But in the autumn of 1953, City gentlemen were scandalised at Samuel's plan to turn the Berkeley Hotel in Piccadilly into an office block.

Sir Hugh – then just plain Mr Wontner – responded with an ingenious plan whereby ownership of the Berkeley was to be removed from the publicly quoted company and vested in

Sir Hugh Wontner: director of the Savoy

charitable trust. Later ruled as a "an invalid use of management power" by a Board of Trade inspector, the so-called "Worcester Buildings" scheme was never implemented.

But it was enough to deter Mr Samuel from proceeding with a full bid. He sold his 20 per cent holding to the Savoy board at £3.2s6d a share, a substantial premium to the average price of £2 a share he paid when accumulating his stake.

One of the enduring mysteries of the affair is how the Savoy board managed to raise the £1,346,000 required to buy him out, and how it managed to obtain the permission to do so from the Bank of England at a time of strict controls over lending.

Cazenove, the blue-blooded stockbroker, was retained to find a way of avoiding any further close shaves: the upshot of the consultation was the issue of 85,000 new 'B' shares which carried 850,000 votes. The same number of votes was carried by all the 850,000 'A' shares, with the result that the 'A' shares represented 97.7 per cent of the company's equity and carried only half the vote.

There was no jiggery-pokery: the 'B' shares were issued pro-rata to one's holding of 'A' shares so that shareholders' proportional voting rights were maintained; however, the new shares could be sold independently of the 'A' shares and the Savoy board and friendly trusts swiftly snapped up any loose 'B' shares. They now have 50½ per cent of the total voting rights.

By the 1970's, a new predator appeared on the scene in the form of Victor Matthews of Trafalgar House; after numerous lunches with Sir Hugh, he passed his sizeable stake on to Maxwell Joseph of Grand Metropolitan, who saw the folly of seeking control and sold out to Rothschild Investment Trust, which in turn sold the block on to the Kuwaiti Investment Office.

In 1981, THF made its £58m bid. Just as Samuel had pointed to the declining profitability of the Berkeley (it made £114,000 in 1945, and only £6,000 in 1954), Lord Forte hit out at the Savoy's trading record and what it claimed was the "mutilation" of its capital base.

Although Forte planned nothing quite so heretical as the conversion of the Berkeley, his offer met with the contempt that had once been turned towards Harold Samuel. Although ennobled, Forte encountered the patrician froideur afforded to one who had started life running a milk bar in Regent Street.

THF's strategy was to accumulate a majority of the 'A' shares, then press for control at separate meetings of the two classes of shareholders. The courts ruled this out, and THF is now fighting a war of attrition.

The legal action started last year is designed to disenfranchise a 5.77 per cent block of 'B' shares issued in 1970 when the Savoy bought the Hotel Lancaster Hotel in Paris.

Owned through convoluted channels by supporters of the Savoy Board, the removal of the stake would leave the Savoy directors with 44½ per cent of the votes against THF's 42½ per cent. THF hopes it could then clinch control through market purchases.

Clyde buys Mel Oil in North Sea expansion

BY STEVEN BUTLER

Clyde Petroleum, the independent oil company, is expanding its North Sea exploration and production interests with the £13.5m acquisition of Mel Oil from Hampton Gold Mining Areas, which is owned by Mr Alan Bond's Metals Exploration.

The purchase will serve to increase Clyde's participation in seven blocks on the UK continental shelf in which it already has an interest, including the Balmoral and Glamis fields, and bring it into a new block as well.

The deal is to be funded by the issue of 11.95m new Clyde shares, representing 7.9 per cent ot Clyde's capital, at 113p apiece. The shares are to be placed with investors.

Monotype French foray

BY HEATHER FARMBROUGH

ANGLO-FRENCH detente has taken a step forward on the USM with the £1.8m placing in France by Laurence Prust of 5 per cent of the issued share capital in **Monotoype**, manufacturer and supplier of laser-based phototypesetting systems, on Tuesday.

The proceeds of the placing will be used to refinance the FFr 18m (£1.8m) cash acquisition of the typesetting equipment supplier Graphic Systems Equipement, and to provide some additional working capital.

The 920,000 shares were placed at 200p per share, compared with a middle market price of 210p on Monday.

Since it was refloated on the USM in May 1986, Monotype's profits have grown steadily, partly as a result of acquisitions.

EPIC responds to Peachey document

Estates Property Investment Company yesterday urged its shareholders to take no action on **Peachey Property's** £58.5m bid for the company at 240p a share. It was responding to the formal Peachey offer document.

Peachey said its offer was at a premium over EPIC's fully diluted net asset value, really 227p a share, not 268p as EPIC had said.

EPIC said that to take into account the contingent tax liability in the net asset value was misleading and relevant only if the portfolio was sold.

IMI in £13.5m plastics sale

IMI, diversified metals and engineering group, has agreed to sell its plastics business, IMI Yorkshire Imperial Plastics, for £13.5m.

The purchaser is the UK subsidiary of Uponor, a Finnish company which is a specialist in plastic pipes. Uponor, which is owned jointly by Finnish groups Neste and Asko, has annual turnover of around £200m.

The sale is part of IMI's continuing strategy of concentrating in areas where it has a market or technical lead.

Adscene pays £4.4m for Lincoln papers

By Dominique Jackson

Adscene, the Kent-based free newspaper group, is making an agreed bid for **Lincolnshire Standard Group** (LSG), valuing it at around £4.37m.

The directors of LSG and other shareholders have given irrevocable undertakings in respect of 300,490 ordinary shares (55 per cent).

For each LSG ordinary share, Adscene is offering either 800p in cash, 800p nominal of 8.5 per cent unsecured Adscene loan notes or 800p nominal of new 7.75 per cent convertible redeemable cumulative preference shares or any combination of the above up to a nominal total value of 800p per LSG share.

The offer price represents a premium of approximately 167 per cent over the last dealing price of 300p per LSG ordinary share on the last day of dealing, which was January 26.

The maximum number of convertible shares which can be issued with respect to the offer is 1.64m. If LSG shareholders elect for more than this number of convertibles, the excess will be scaled down pro rata.

The offer is subject to approval by Adscene shareholders, of whom 75 per cent have undertaken to vote in favour of the acquisition.

Japan Assets terms attacked by brokers

National Investment Group, the grouping of regional stockbrokers, yesterday expressed displeasure at the terms offered to convertible loan stockholders in **Japan Assets Trust**, one of the three Ivory & Sime-managed investment trusts currently involved in a complex reorganisation scheme.

Under the scheme, convertible loan stock holders can either convert early or receive a cash entitlement. In both cases, NIG argues that the lost income advantage is not sufficiently compensated. Unlike warrantholders – some of whom are also unhappy with the Japan Asset scheme – convertible loan stockholders are required to approve the proposals.

I&S's advisers maintain that net assets attributable to convertible loan stock have risen from around 95p ahead of the announcement to around 117p last night, and that "somewhere near" that figure would be available under the cash option.

Parkdale

Parkdale Holdings, property group, has completed the acquisition of **Clifford Barnett**, leisure development company, for an initial £3m.

The technical terms of the deal have been slightly altered. Instead of issuing loan stock to be redeemed for cash, Parkdale will now get an option on preference shares.

Clifford has now guaranteed pre-tax profits of £1.43m for 1988, compared with £800,000 guaranteed for the year to March 1988.

The total payment will not exceed £15m and depends on Clifford profits up to April 1993.

Control seeking

Control Techniques' chairman, Mr Trevor Wheatley, told the annual meeting that the company was constantly seeking to acquire companies in the drives and related industries it was not currently represented. He said continued organic growth was anticipated as order books in both the UK and US were at an all-time high.

UK COMPANY NEWS

David Lascelles looks at Standard Chartered's decision to sell Union Bank

An attempt to regain confidence

Standard Chartered's sale of Union Bank, its California subsidiary, to Bank of Tokyo for $750m (£430m) this week marks the culmination of a six-month effort to restore its provision-ravaged capital base. It was a wrenching decision: Union was a rare success story in a market which has proved the graveyard of many UK banking hopes. But will it be enough?

Mr Michael McWilliam, the chief executive, said yesterday that he was confident that his disposal programme (which also included a bank in Arizona and interests in South Africa) would dispel worries about Standard Chartered's fundamental weaknesses. Capital ratios are up, and disposal-related uncertainties are past.

Standard has also been cleared by a Bank of England inquiry of allegations of possible illegality in fighting off the hostile takeover bid by Lloyds Bank in 1986, which has relieved management of another concern.

Mr McWilliam predicts: "The focus now will be on how to obtain consistent and better profits rather than on the question whether we are overtrading on our capital."

His confidence was not universally echoed in the City yesterday where Standard is still viewed as a bank with problems – albeit smaller ones as of this week. The impact of further provisions for Third World debts, the nigh certainty of a rights issue, and the long-running questions about Standard's "white squire" shareholders are still very much on people's minds. "The situation is still very fraught" says Mr John Ginarlis, an analyst with Banque Paribas Capital markets.

The sales have netted Standard £77m in new capital (the precise calculation is complicated by the intricacies of US and UK accounting), and because the group has also shed £6.3bn of assets, the ratio of equity to assets which measures bank strength has got a double boost. But it is only a partial catch-up.

Mr McWilliam will not say exactly what the new ratio is because Standard Chartered is in the process of finalising its 1987 accounts. But City analysts believe it has risen to around 4 per cent which is still well below the Big Four, as the accompanying table shows.

Standard has the further problem of being less heavily reserved against Third World loans than its UK counterparts. Last year, its provisions were equivalent to 22 per cent of its exposure, compared to 25-30 per cent at other banks. If, as seems likely, the clearers make more provisions in their final results in the next few days, Standard will have to do something too.

Mr McWilliam said yesterday that this had already been factored into his calculations. "We are expecting to add more provisions as well," he said. However, since Standard produces its results last, it will be able to watch what the others do before deciding on an exact figure. This will place Standard "in a comparable range", he says.

Michael McWilliam: "hard slog" in the UK

If this puts renewed pressure on the ratios Mr McWilliam doubts that more asset sales will be needed. Some surplus properties, such as land in Singapore, may be sold, but the major gains will have to come from "good housekeeping" and a much better performance by the bank. And as Standard builds up its equity, it will be able to count more loan stock as capital under bank of England rules. In the long run, a rights issue must be in view. "Our stance on that is that we have got to be sure we can make a credible case for it," he says.

Balance Sheet Ratios (Equity to assets %)	
Barclays	4.7
Lloyds	4.9
Midland	5.7
NatWest	5.8
Standard Chartered	3.8

Estimates by Hoare Govett for 1987. Standard Chartered figure estimated post sale of Union Bank

Quite how Standard manages to convince the market that it can be effective in its reduced form is now the major question facing management. After the sale of its US interests, Standard Chartered's operations consist of a bank in Canada (which had to be bailed out of some bad lending last year), a growing business in the UK, a steady but unexciting presence in Africa, and "the tigers" – its flagship operations in the Far East and Asia.

The new manager in charge of domestic banking, Mr Ian Paterson, formerly of Midland Bank, has just completed a sweeping review of the UK operations which resulted in six branch closures and a closer focussing of the bank's efforts on the company market. A more detailed plan for "life after Union" will be presented to shareholders in a couple of months, Mr McWilliam said.

The sale of Union is a major strategic loss however. The bank was a key element in Standard's efforts to grow out of its colonial structure and expand in the industrialised world. Now, it has been thrown back on its more traditional markets where growth may come less easily. Mr McWilliam says there will be a "hard slog" rather than eye-catching moves in the UK, for example.

Standard's white squire shareholders, Mr Robert Holmes a Court and Sir Y K Pao, both with 14.9 per cent, are said to be strongly supportive of Standard's efforts to straighten itself out. Mr Holmes a Court, who telephoned Mr McWilliam yesterday to talk about latest developments, recently wrote down his holding in Standard since the crash. But Mr McWilliam says he is certain both he and Sir Y K Pao would support a rights issue if one were needed.

To the more pointed question, whether he feels Standard has become more or less vulnerable to renewed takeover now that it is in sounder financial shape, he says: "I have not felt vulnerable for a long time. There may be some restructuring in the banking industry as a result of regulatory changes, but that will be part of a deliberate process."

A likely influence on future direction

THE Bank of Tokyo's $750m (£428m) decision to take control of Union Bank, Standard Chartered's Californian subsidiary, was made after weeks of careful deliberation, writes **Stefan Wagstyl in Tokyo.**

The caution is understandable, not only because of the current turmoil in financial markets but also because the takeover is likely to influence the future direction of Bank of Tokyo as a whole.

The proposed purchase of Union Bank by Bank of Tokyo's 77-per-cent owned subsidiary, California First Bank, is the largest foreign acquisition by any Japanese financial company – exceeding the $530m paid by Nippon Life, the life insurance company, for a stake in Shearson Lehman Brothers, the US investment bank.

Bank of Tokyo's experience of foreign markets has long distinguished it from other big Japanese banks. Before the liberalisation of Tokyo's financial markets in the 1980s, Bank of Tokyo was the only Japanese bank authorised to handle most kinds of foreign exchange. As a result, it was by far the best known Japanese commercial bank overseas while at home it became what Mr Yusuke Kashiwagi, the chairman, once described as "a private bank with quasi-public responsibilities."

Following liberalisation, the bank has kept its place among the world's largest banks with total assets last September of Y20,232bn and it has retained a strong role in foreign exchange. Yet its dominance has gone, leaving it looking for new directions in which to go.

This was implicitly recognised in a Ministry of Finance study published at the end of last year which suggested the Bank of Tokyo should "de-emphasise" its foreign exchange function.

However, the bank cannot simply model itself on the other 12 big Japanese "city" or commercial banks because it does not have the same broad-based spread of domestic customers. It therefore seems both logical and necessary for the Bank of Tokyo to expand overseas.

Yasuke Kashiwagi, chairman of the Bank of Tokyo.

But even though the bank already operates in California, the move is not without its risks. Bank of Tokyo is brave to spend so much money, at a time of when turmoil in financial markets makes valuations difficult and when Japanese banks as whole are putting a greater emphasis on improving profitability than on expanding assets.

The last point is particularly relevant to the Bank of Tokyo because it has the largest exposure of any Japanese bank to problem country debt – Y655.1bn exposure against hidden reserves of Y1,484bn. By comparison Dai-Ichi Kangyo Bank, the largest commercial bank, has debts of Y385.7bn against hidden reserves of Y3,850bn.

Bank of Tokyo has more than 250 overseas offices, subsidiaries and affiliates, with important wholesale banking operations in London, New York and elsewhere.

Moreover, in California First Bank it has a strong base in domestic banking in California. Since acquiring control in 1975, Bank of Tokyo has steadily expanded its subsidiary which now has 130 branches mainly serving private individuals. At the end of 1986, net assets were $349m and gross assets $6,062m.

A Bank of Tokyo executive said yesterday that Union Bank would fit well with California First Bank, because Union's customers at its 32 branches were primarily small and medium-sized companies. Moreover, both banks could serve the rapidly expanding number of Japanese companies active in California, he said.

Bank of Tokyo is considering merging the two Californian banks – as early as the summer, according to one report in Tokyo. Together, the Californian pair would form the 18th largest commercial bank in the US. Mr Tasuku Takagaki, Bank of Tokyo's senior managing director said the bank would be well placed to take advantage of the expected abolition in or after 1991 of California State's restrictions on inter-state banking.

But Union has had its problems. In 1984, Standard Chartered took over a portfolio of loans to Third World countries. In 1986, Union increased its loan loss provisions from $28.3m to $50.4m and last year it added a further $103m.

At the end of last year net assets were $590m, gross assets $9,083m and net profits $56.3m. Union's provisions are thought to reflect a general move by banks to review their Californian loan books in recent years.

Nevertheless, Standard & Poor's, the US credit rating agency, yesterday said the recent financial performance of Union Bank had deteriorated due to worsening asset quality problems, narrowing margins and high overhead expenses. "Such problems could affect the results of the consolidated entity."

S & P has put Bank of Tokyo's AA credit rating under review "with negative implications" – meaning it might be downgraded. It said concerns about the Union deal were exacerbated by Bank of Tokyo's relatively large exposure to sovereign debt difficulties.

Bank of Tokyo has two answers to these charges. First, it says $750m falls well short of the $1bn which Union was expected to fetch; and it adds that its five-year plan to build up capital took account of the cost of the acquisition. It might have added a third reason: even in today's straightened times, banks in California do not come up for sale very often.

Commenting on the deal, Mr Mamoru Sakai, president of Long-Term Credit Bank, said while Japanese banks generally would probably slow down the rate of their overseas expansion, Bank of Tokyo had special and justifiable reasons for making the acquisition.

Regentcrest climbs to £3.24m

Regentcrest, property developer and dealing company, yesterday reported a swing from losses of £42,000 to profits of £3.24m pre-tax for the six months ended October 31 1987.

The directors said they were satisfied with progress to date and added they were confident that the level of dividend for the full year on the enlarged capital would be not less than last time's 1.5p.

It was pointed out that a number of changes and a programme of rationalisation had taken place over the first six months, including the sale of properties at Nottingham, Derby and Manchester which realised some £500,000.

Earlier disposals included shareholdings in the Burns Anderson Group and Hall Engineering (Holdings).

Coutts Corporate Finance was acquired in May for around £5.67m subject to its pre-tax profits being not less than £500,000 for the year to March 31 1988. The directors said yesterday that that figure should now be substantially exceeded following disposals by the Ludgate Hill, Tower Street and Noel Street development partnerships.

Later in the year a number of investment and development properties were acquired for a total £37m.

For the first half Regentcrest, formerly known as Laganvale Estate, achieved a turnover of £4.52m (£296,000). Earnings for the period worked through at 8.02p (losses 0.3p) per 10p share after tax of £1.13m (£20,000).

British Kidney

Net asset value per £1 share of the **British Kidney Patient Association Investment Trust** rose from 222.5p to 243.7p over the year to December 31 1987.

The dividend is being lifted by 1p to 7.25p.

Yearlings

Yearling bonds totalling £2.25m at 9⅝ per cent, redeemable on February 22 1989, have been issued by the following local authorities. Kirklees Metropolitan Borough Council £2.0m: Derwentside District Council £0.25m.

Vibroplant grows with $5.5m US purchase

BY NIKKI TAIT

Vibroplant, Harrogate-based plant hire group, is continuing to diversify into US markets with the $5.5m (£3.15m) purchase of American Hi-Lift Corporation, an ariel access rental company operating in California and Texas.

The US company's assets are centred on a hire fleet of aerial access equipment and its Californian operations account for about 80 per cent of group revenues. The Californian side is based around the Los Angeles area; the remaining smaller interests are in Dallas, Texas.

Net assets of American Hi-Lift are put at approximately $2.9m, and an unaudited figure for pre-tax profits in the year to end-December suggests $850,000.

Vibroplant plans to fund the deal by a vendor placing of 535,000 new shares at 590p, which is being handled by brokers Greene & Co. In addition, the UK company intends to place a further 25,000 shares at the same price, thereby raising £148,000 to fund the costs of the acquisition. Total shares being issued represent 7.8 per cent of Vibroplant's equity.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Benson Group, Owen and Robinson, Photo-Me International, Stocklake, Throgmorton Dual Trust.

Finals- British Petroleum, Charterhall, Cresta Holdings, F & C Enterprise Trust, Midland Bank, Throgmorton USM Trust, Vantage Securities.

FUTURE DATES

Interims-

Cornhill Syndicate	Mar 10
Harrisons Malaysian Plantations	Mar 9
Parker Knoll	Mar 7
Tweefontein United Collieries	Mar 10

Finals-

BSG International	Mar 23
Grahams Rintoul Inv Tst	Feb 22
Inchcape	Mar 2
Morrison (William) Supermarkets	Mar 30
Owners Abroad	Feb 23
Ruo Estates	Feb 26

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1986							
2nd qtr.	109.5	103.4	98	121.3	154.0	3,203	175.6
3rd qtr.	110.4	104.4	95	123.7	158.7	3,202	200.2
4th qtr.	110.6	106.9	96	126.5	194.2	3,141	213.0
1987							
1st qtr.	111.3	106.5	96	125.4	157.0	3,073	210.4
2nd qtr	112.1	108.6	96	128.3	166.0	2,965	226.1
3rd qtr	114.0	111.4	91	131.8	178.8	2,827	241.3
4th qtr	115.4	113.0		133.4	183.6	2,658	262.1
June	111.8	108.9	96	129.4	167.3	2,925	233.7
July	113.3	110.4	94	131.0	177.3	2,876	235.2
Aug.	114.8	112.2	93	132.1	179.6	2,829	236.9
Sept.	113.9	111.7	91	132.0	179.5	2,773	246.6
Oct.	115.2	112.9	93	133.0	181.9	2,712	261.4
Nov.	115.2	113.2	93	133.6	184.9	2,649	268.2
Dec.	115.9	112.8		133.5	183.9	2,614	256.6
1988							
Jan.				134.5			

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	104.1	99.2	115.0	99.4	109.1	103.1	14.6
2nd qtr.	105.2	99.5	116.0	101.4	109.6	104.1	19.5
3rd qtr.	106.4	99.3	117.2	101.9	108.5	106.2	19.4
4th qtr.	106.5	101.7	115.8	104.7	115.0	104.8	15.5
1987							
1st qtr.	107.7	101.0	117.9	102.9	113.8	102.9	17.4
2nd qtr	110.4	101.8	117.6	104.6	118.8	105.6	19.6
3rd qtr	112.6	105.4	118.7	108.7	119.8	107.7	20.2
4th qtr	113.8	108.2	119.5				16.4
June	110.4	102.5	116.7	105.0	123.0	105.0	20.2
July	112.3	102.7	118.7	106.0	120.0	108.0	20.9
Aug.	112.7	107.9	119.4	110.0	123.0	109.0	17.9
Sept.	112.7	106.4	117.9	109.0	117.0	106.0	22.1
Oct	113.9	107.8	119.3	110.0	122.0	109.8	18.1
Nov.	113.0	109.2	119.0	109.0	130.0	108.0	18.6
Dec.	114.6	107.7	120.1				12.4

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
2nd qtr.	121.9	129.1	-1,606	+146	+765	102.5	19.29
3rd qtr.	122.6	130.9	-2,391	-856	+621	102.2	22.43
4th qtr.	130.5	144.0	-2,725	-999	+795	100.9	21.92
1987							
1st qtr.	130.0	133.2	-1,135	+672	+1,164	100.5	27.04
2nd qtr	128.3	140.7	-2,382	-659	+1,033	103.7	34.36
3rd qtr	130.7	151.0	-3,048	-1,146	+942	103.8	34.81
June	123.4	139.1	-748	-174	+245	104.4	34.36
July	130.9	147.8	-925	-291	+284	102.5	34.91
Aug.	126.6	155.1	-1,507	-973	+372	103.9	34.26
Sept.	134.6	150.1	-617	+17	+286	104.0	34.81
Oct.	132.4	149.1	-882	-282	+386	104.9	41.40
Nov.	136.1	158.9	-1,196	-595	+341	103.9	41.28
Dec.	138.2	160.5	-1,182	-582	+314	104.4	44.22
1988							
Jan.							49.89

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
3rd qtr.	5.9	20.3	15.4	+6,995	188	+770	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,514	+501	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,733	1,465	+877	10.00
2nd qtr	3.3	29.7	29.3	+8,554	1,804	+1,068	9.00
3rd qtr	8.1	25.2	21.7	+11,445	1,311	+874	10.00
4th qtr	7.2	23.3	23.7	+11,215	3,007	+853	8.50
June	4.5	30.8	21.9	+3,979	556	+337	9.00
July	7.7	34.5	24.2	+4,530	347	+277	9.00
Aug.	7.1	22.5	21.0	+2,653	667	+250	10.00
Sept.	9.5	19.5	21.4	+4,321	197	+347	10.00
Oct.	4.9	36.7	28.0	+2,972	812	+340	9.50
Nov.	7.1	22.2	21.3	+2,965	1,126	+357	9.00
Dec.	7.0	11.1	21.7	+4,904	1,060	+256	8.50
1988							
Jan.							8.50

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	122.4	142.3	96.5	96.9	1,525	75.1
2nd qtr.	184.0	125.5	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	129.5	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,606	68.2
1987							
1st qtr.	192.0	129.8	149.3	100.2	100.5	1,580	69.9
2nd qtr	198.0	128.7	150.9	101.9	101.8	1,598	72.8
3rd qtr	202.5	131.0	151.5	102.1	100.5	1,647	72.7
4th qtr		134.4	152.8	103.2	101.7	1,683	74.9
June	200.6	129.7	151.1	101.9	101.6	1,629	72.6
July	203.1	130.5	151.3	101.8	100.4	1,632	72.8
Aug.	201.5	131.3	151.5	102.1	100.7	1,655	72.3
Sept.	201.4	131.1	152.0	102.4	100.4	1,653	73.1
Oct.	203.4	131.0	152.8	102.9	101.1	1,662	73.6
Nov.	206.9	131.6	153.2	103.4	101.6	1,682	75.4
Dec.		136.2	153.6	103.3	102.4	1,707	75.8
1988							
Jan.		136.5	154.6	103.3	102.9	1,752	74.9

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

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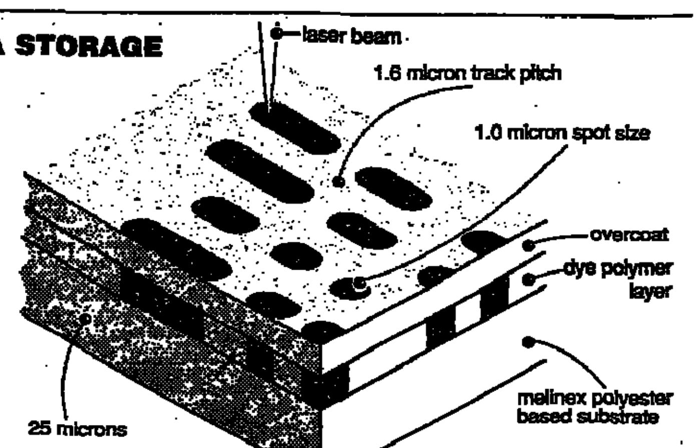
How ICI put a mighty memory down on 'paper'

A unique material from the company's electronics division cuts the cost of recorded information. **David Fishlock reports**

DIGITAL PAPER DATA STORAGE



SCIENTISTS at ICI, Britain's biggest chemicals group, have developed what is claimed to be not only a big advance in data storage material, but also the cheapest means in the world of recording information.

The material, an inexpensive plastic film that stores optical information and has many of the characteristics of paper, was unveiled by ICI scientists in London yesterday.

They call it "digital paper" and claim there is nothing to touch it on the data storage market at present. It was invented by ICI Electronics, the high-technology venture which the chemicals group launched in 1983 to exploit its in-house scientific resources and open new markets of higher added value than traditional chemical products.

Digital paper brings together three separate strands of ICI science. The base material is Melinex polyester from ICI Films, finely tuned in its physical characteristics to give the necessary mechanical as well as optical properties.

This film is thinly coated with an infrared-sensitive dye created by the colour chemists of ICI Organics. The film is then enveloped in a protective coating (compounded by another part of ICI Films concerned with reprographics) to make a robust package that will handle like paper.

The three strands have been drawn together by a research team within ICI Electronics at Runcorn, Cheshire. It is led by Stephen Abbott and reports to William Barlow, the technical director. The team's work was discussed yesterday by Michael Strelitz, marketing manager of ICI Electronics, at a conference on optical memory applications.

In a presentation on new dimensions of optical storage, Strelitz said the result of the team's work was a flexible optical data storage medium available as a sheet with many of the properties of paper, including low cost.

It offered write-only (non-erasable) storage in a form potential users could adapt to their own needs, for example as rigid or flexible media, and as sheet, tape, disks, cylinders and other configurations still being considered.

As Strelitz sees it, the customer should treat it like paper, as a throw-away item that is also write-only and records its data indelibly.

ICI is supplying its digital paper from a pilot plant which makes it continuously as a wide web in lengths of a kilometre.

One of the companies with which it has been working is Creo, a Canadian high-technology start-up near Vancouver, specialising in an optical tape drive with a gargantuan appetite for data. It will store 1 terabyte - a thousand billion bytes - on a tape half-a-kilometre long and 35 millimetres wide.

Creo sees such a storage capacity being needed for storing scientific data in geophysics and seismology, for satellite mapping of earth resources, and to provide comprehensive "auditor trails" for large computer systems which will automatically record all computer activity as a security measure. The Canadian Government has ordered four of Creo's systems.

ICI Electronics has worked closely with Creo for the past year to make the terabyte store possible, says Strelitz. It illustrates the marketing philosophy of the ICI offshoot – to create new markets by inventing something that becomes an indispensable part of a new system. A common thread to all its new ventures is that it does joint development with hardware companies to create a new high-technology system.

Another example is provided by a US company called Iomega, of Roy, Utah, which has created a niche in the market for removable flexible disk systems. Its flexible disk comes in a cartridge with the robustness of rigid disk storage and the characteristics of a floppy disk in the ease with which it can be replaced.

Iomega has set up a wholly-owned subsidiary called Bernaulli Optical Systems Company to develop drives and cartridges based on Iomega technology and ICI digital paper. The partners are filing joint patents and will shortly announce an optical storage system with major advantages in speed and data rates without a commensurate increase in costs, Strelitz says.

Stephen Abbott's research team, meanwhile, is pursuing still higher densities of data storage. At present the limitation is laser technology. Write-only optical storage uses a laser to burn a hole in the dye-impregnated portion of the film and change its reflectivity. Lasers of the right price and characteristics are available at present only for use at infrared wavelengths.

If a suitable laser could be developed for use in the blue-green part of the visible spectrum, storage density could at least be doubled. Abbott's scientists aim to have the appropriate digital paper ready to take advantage of new laser technology, which may well come from Japan.

Another opportunity may lie in an erasable digital paper on which the data can be rewritten. The idea has not yet been applied to flexible storage although such companies as 3M have talked about the possibility of applying the magneto-optical properties of films of rare earth elements in this way. Strelitz says he is not convinced there is a market for erasable storage.

As for the cost of its digital paper, ICI says it works out less than half a cent per megabyte of data stored. "At that price it is the lowest cost recording medium in the world," claims Michael Strelitz.

Soft words speak of Amstrad's European expansion

BY PAUL ABRAHAMS

AMSTRAD's 26.4 per cent profit increase last week and declared intention to push for more sales in continental Europe comes as no surprise to Howard Fisher, director of marketing at Locomotive Software.

Fisher believes that his Dorking-based software company, which produces Locoscript, the word-processing package marketed with Amstrad's best-selling PCW series, has played an important role in the computer company's expansion on the continent. He argues that the PCW series continues to have high sales on the continent because the software offered free with the computer was specifically designed for Europe.

"Previously, computers came from the US without even a £-sign. European letters and accents were completely neglected. We decided to produce the first truly Europeanised word-processing system."

He claims that the second version of the program, Locoscript 2, handles nearly every European language and that all accents can be displayed on the screen and printed.

The company also says that most scripts and special characters including those needed for Swedish, Greek, Russian, Ukranian and Polish are available. A Welsh version will soon be put on sale.

When the PCW series was launched on the continent in 1986, Locomotive further tailored the product to the European market by offering Amstrad the possibility of changing the keyboard to fit the needs of any particular country. The PCW series was the first popular dedicated word-processor launched in France to offer AZERTY rather than QWERTY keyboards. There are now nine different versions available.

"Locoscript was a revolutionary product. It introduced a generation of European users to word-processors," says Martin Hingely, program manager at the European division of the market research consultants, International Data Corporation.

Certainly, Amstrad has done well on the continent. It claims market-leadership for home and business computers in France and Spain. Exports accounted for 61 per cent of sales in the last six months.

Locosript has also offered Amstrad some bizarre export successes. The company is the market-leader in Poland. Polanglia, the London-based Polish agent for Amstrad, says that it is exporting four to six tonnes of computers every week.

WORTH WATCHING

Edited by Geoffrey Charlish

Du Pont eases path to super fabrications

RESEARCHERS at Du Pont, the US chemicals group, have filed a patent for a superconducting ceramic which they say may be easier to fabricate than such materials discovered so far.

Superconductivity is the loss of electrical resistance as certain materials are cooled to extremely low temperatures. Recent discoveries have resulted in compounds where this phenomenon takes place at higher temperatures. But fabricating the materials has remained a problem.

Du Pont's new ceramic is a formulation of the oxides of bismuth, strontium, calcium and copper. As the temperature is reduced, superconductivity begins at minus 243 deg F and the material becomes fully conductive at minus 295 deg F.

The research team has determined the crystal structure of the material, which appears to be more stable than some existing superconductors.

Philips moves into data broadcasting

PHILIPS, the Dutch electronics group, is entering the broadcast data market in the UK. It will offer new terminals and design assistance in screen presentation.

In additions Philips will retail air time on behalf of Aircall Oracle which, using the Independent Broadcasting Authority's TV transmitters, is franchised to provide data services.

Data broadcasting produces on-screen results that look like the teletext information pages that many home TV sets can receive. The data is sent with, but separately from, TV programmes, and it makes use of unused time periods between each of the 50 TV pictures sent each second.

Unlike teletext which can be received by anyone, however, data from Aircall Oracle and Datacast (the BBC's service) is coded and can only be received by suitably programmed receivers.

Thus, a company can broadcast information privately to its branches, customers, suppliers or any other chosen group. The data can be text, graphics, or a computer program fed direct into the recipient's computers. The clear advantage is that useful amounts of information can be sent quickly to large numbers of locations without the use of land lines.

Philips is about to sign a contract with a 3,000-branch UK building society, which it cannot yet name.

Tony Scott, manager of Philips' new data broadcasting division, predicts sales to travel agencies.

He believes picking a holiday can be made earier by the use of data broadcasting. Philips terminals can store 99 pages off-air for consideration by agents and clients. Then the line system can be used quickly for booking.

W German rapeseed ploughs own furrow

THE STATE of Lower Saxony in West Germany is planning to get rid of surplus rapeseed oil by using it as a fuel for tractors. The state is providing DM550,000 (£183,300) for the development of such rapeseed-compatible engines and a means of converting existing tractors to run on the oil.

For the project to succeed the European Commission would have to offer some form of subsidy so that the price of rapeseed would be competitive with that for diesel oil, the conventional fuel for tractors.

Such measures might seem desperate but Burkhard Ritz, the West German agriculture minister, says it would cost the EC no more than paying farmers to leave land fallow.

Widening scope for hair-raising images

DIGITHURST OF the UK and SMV of West Germany, both specialists in the image capture and manipulation field, have merged to form Image Processing Systems (IPS), based in Zurich.

The companies were already co-operating in the exploitation of new applications, in particular a system which enables hairdressers to superimpose various hair styles on a screen image of the customer.

IPS plans to promote similar systems for use in cosmetics, plastic surgery, estate agency and car sales.

Fax message takes a strong hold on the UK

FACSIMILE TRANSMISSION, a slow starter in the UK business community in the early 1980s, continues to display strong growth.

Figures released by the British Facsimile Industry Consultative Committee (BFICC), show that during 1987 the number of machines in use doubled from 86,000 to 173,000. The committee forecasts that sales during 1988 are likely to total 150,000.

The prime attraction is still the ability to send a replica of a document over ordinary phone lines. But fax has also grown in popularity thanks to increasing sophistication.

Modern units, for example, can store electronically the document fed in and transmit it at night when overseas recipients are in their offices, and when phone costs are at a minimum.

Market men given some expert advice

THE Henley Centre, a UK business analysis and forecasting group, has devised an "expert" system that enables managers to measure the impact of business decisions on such things as demand, sales and market share. Called Emex, the product, like other expert systems, allows a computer to make human-like judgments.

Users collect relevant data and feed it into Emex which, with the market modelling skills of the Henley Centre built in, is then able to answer "what if?" questions. For instance, what is the effect of price change on sales, or the effect on market share of changes in advertising expenditure?

CONTACTS: Du Pont, US, (302) 774 1000. Philips Business Systems: UK office, 0206 575115. Image Processing Systems: UK, 0763 42955; Switzerland, 1 748 1143. BFICC: UK, 0635 68555. Henley Centre: London, 353 9961.

Gold loans worth $220m 'being negotiated'

BY KENNETH GOODING, MINING CORRESPONDENT

TWO MORE gold loans, totalling 500,000 troy ounces – about 15 tonnes – and worth about $220m(£126.4m), are being negotiated, say London traders.

Analysts suggest the new loans will depress the price of gold bullion, already suffering from the effects of the record 1m-ounce loan recently completed by Newmont Mining of the US.

Traders say the Bond Corporation of Australia is negotiating a 200,000-ounce gold loan and that Consolidated Gold Fields, the UK-based mining finance group, is in the market for one of 300,000 ounces which would be raised by Gold Fields Mining, its wholly-owned North American subsidiary.

Gold loans have become increasingly popular since the stock markets crisis last October.

The system involves a bank lending gold from its vaults to a mining company which sells it to raise instant cash. The mine pays back over several years in gold from future production.

Interest, sometimes also paid in gold, is low. Typically it is between 1.5 per cent and 3 per cent, though the rate has been rising recently under the pressure of so many loans.

Miss Rhona O'Connell, analyst with Shearson Lehman's London Metals Research Unit, estimated that, very conservatively, there are 75 tonnes of gold on loan but that the figure could be as high as 120 tonnes.

She said many dealers knew about the Newmont loan for many weeks before it was concluded, but that when the press revealed the talks to a wider audience the gold bullion price sagged.

Miss O'Connell said news that two more loans were being negotiated "will not be good for sentiment at a time when the market is already nervous."

Mr Mark Wood, a mining analyst with Kleinwort Grieveson Securities, said the Newmont loan, arranged at $448 an ounce, put a short-term lid on the price.

"Companies negotiating further deals must talk about a price lower than that. It also means that, once again, future supplies of gold are hitting today's price and sentiment."

The London bullion market gold price closed at $446¾ a troy ounce yesterday, up $1¼ from the Tuesday level. Traders described the market as dead.

Gold loans are usually used to fund new capacity. However, that of Newmont will help cut the company's interest payments on the huge debt it built when fighting off a takeover bid from a group led by Mr T. Boone Pickens, the corporate raider.

Consolidated Gold Fields built its shareholding in Newmont from 26 per cent to 49 per cent in the battle and will also use the loan to restructure its debt.

Indian cotton crop set back

BY R.C.MURTHY IN BOMBAY

INDIA'S COTTON crop has been set back by the 1987-88 output estimate being cut to 8.7m bales (170 kg each) from more than 9m bales two months ago.

The Cotton Advisory Board has authorised imports to fill the gap but left the amount to be decided by the Government.

Mr S.K. Modi, Indian Cotton Mills Federation chairman, estimated the shortfall at 2m bales. He suggested imports of 1m bales of cotton and 20,000 tonnes of viscose staple fibre.

India will have to buy cotton overseas before next month for shipment in May, when the entire domestic crop will have been marketed. Otherwise the surge in cotton prices could continue unchecked.

The 8 per cent projected fall in output has fuelled a price rise of more than 50 per cent over the past four months. Textile mills fear prices could double in the lean months from June.

Cotton prices remain firm in spite of the board's suggested imports. Traders do not see how the Government can import cotton in view of the difficult balance of payments position.

Textile exports have been buoyant this year. To boost them further the Government has introduced a scheme to import cotton against exports of fabrics and garments.

It hopes at least 500,000 bales of cotton will be imported in the next six months under the self-financing scheme.

The amount of cotton to be imported will be decided in the next few weeks.

● Iran grew 358,856 tonnes of cotton in this Iranian year, 10 per cent more than last year, says Iran's national news agency monitored in Nicosia, **reports Reuter.**

It said Iran exported more than 19,000 tonnes this year to Western European countries, mostly to West Germany and France.

Iran has 173,000 hectares under cotton. The Iranian year ends in March but the harvest has already been completed.

Meanwhile, in Abidjan, Ivory Coast Government forecast a cotton crop this year of about 260,000 tonnes, almost 50,000 tonnes above last year.

An announcement in Fraternite Matin, the government-run newspaper, said Ivory Coast harvested 213,532 tonnes last year but forecast a 260,000-tonne crop by the end of this year's harvest in May.

Earlier, the Government said it would maintain cotton producer prices at the 1987-88 levels of 38 cents per kg for white, unpicked cotton, and 34 cents per kg for yellow.

Funds to aid Scottish fish farming

BY JAMES BUXTON IN EDINBURGH

THE Crown Estate Commissioners are to invest nearly £300,000 in research to support marine fish-farming in Scotland over the next three years.

The commissioners' responsibilities include administering Britain's coastal seabed.

Last July the Crown Estate began charging higher rents to the burgeoning number of salmon-farms set up in recent years along Scotland's west coast and in the Outer Isles.

There are about 200 salmon-farms, which last year produced about 15,000 tonnes; and about 200 shellfish-farms, mostly infant, with output worth about £1m a year.

When the first salmon-farms were set up the Crown Estate, which authorises their establishment, charged a peppercorn rent for seabed use.

However, last year it implemented new rents. These this year will work out at about £50 a tonne of salmon produced.

The Crown Estate agreed, in talks with salmon-producers, to reinvest in research some of the rent it receives. This week the commissioners said three such projects were to have this aid:

● Research into furunculosis, by Stirling University and the Department of Agriculture and Fisheries for Scotland. This is a disease which can cause losses of between 10 per cent and 15 per cent of salmon in a fish-farm.

● The assessment of the optimum fish stock which can be farmed, based on an examination of the effects of waste from fish on the water of the sea-lochs in which they are situated, by the Scottish Marine Biological Association, at Oban, Argyll.

● An examination of prospects for breeding Manila clams in Scotland and establishing the optimum density for mussel-growing, by the Seafish Industry Authority, at Ardtoe, Argyll.

Venezuelan oil reserve may rise by 9bn barrels

By Richard Johns

THE STATE hydrocarbons corporation Petroleos de Venezuela expects to add 9bn barrels to its proven oil reserves by its 1988-92 exploration scheme, Mr Juan Chacin, its president, said yesterday in London.

The scheme would spend $900m (£517m) and drill 138 exploration-wells.

PDVSA puts Venezuela's proven reserves at nearly 55bn barrels, because of recent discoveries, particularly in the north-east.

That would place it fourth in the world league, after Saudi Arabia, Kuwait and the Soviet Union and just ahead of Mexico, according to generally accepted estimates. Iraq, however, claims to have discovered far more.

PDVSA expects the scheme to raise optimum output capacity from 2.6m barrels a day to 3m b/d over the five-year period, by developing new discoveries.

PDVSA plans total capital spending of about $2.5bn annually over the period. Of this, $5.8bn would be devoted to developing production facilities.

It is pursuing talks with other states to raise secured export outlets to 700,000 b/d, from the present rate of between 500,000 b/d and 580,000 b/d, through its four joint-ventures with Ruhr Oel in West Germany, Nynas Petroleum, and Citgo Petroleum and Champlin.

Mr Chacin declined to say what other partners were in prospect but acknowledged PDVSA had been talking to Texaco on involvement in its refining and marketing operations.

He said commercial tests on use of Venezuela's ultra-heavy crude of below 8 degrees API gravity in an emulsified form for generating electricity were to start this year, with New Brunswick Electricity in Canada.

Mr Nestor Ramirez, PDVSA trading and supply co-ordinator, said that in spite of the high costs of production and transportation, it was satisfied the crude was competitive with coal. But it was premature to estimate cost per barrel.

Cadmium price firm at $7.20

CADMIUM traded at $7.20 a lb yesterday, near the record free-market price of $7.40 set in early trading on Tuesday, **writes Our Commodities Staff.**

By yesterday's close the price was $7 and seemed to be consolidating at that level, said Mr Nick French of Wogen Resources, London metal traders. "Significantly, the price has not collapsed back to last week's level of $4.50," he said.

US farmers facing hard times

Deborah Hargreaves looks at bankruptcy prospects in a surging market

AS MR Bob Helmer points to a circling bald eagle above his snow-covered wheatfields in south-western Wyoming his gaze is unmistakeably a sad one.

The 60-year-old farmer is worried his land is not making enough money and he may have to file for bankruptcy in the spring.

He is not alone and the surging market boosting US agriculture is making the fate of many like him seem even more poignant.

The US Department of Agriculture says that in spite of rising farm prices about 200,000 farmers will be burdened with low income and high debt this year.

Many farm groups see that figure as conservative and expect family-farm bankruptcies to continue.

Mr Helmer, who grew up on a farm, sold his land-irrigation business in 1979 to buy 2,500 acres as part of a lifelong dream. A year later interest rates rocketed and land prices fell through the floor.

The fall in farm values meant he had lost $500,000 (£280,000) on the purchase almost before he had moved in. He is now saddled with an annual bill of more than $250,000 in interest alone.

The rise in wheat prices has so far brought little relief to farmers like him, because as wheat prices rise, government subsidies fall.

Of his land 500 acres is planted with wheat, which he sells for about $2.70 a bushel, well short of his $4-a-bushel production costs.

He is also facing rising freight costs for shipping his wheat to a grain-elevator 350 miles away in Utah.

Farmers traditionally absorb freight costs as part of their contract with elevators. "For every nickel increase in freight-rates, the price of wheat goes down at least a nickel," he groans.

Freight-rates from the country's breadbowl to the West Coast rose by an average of 10 cents a bushel in last second-half. That cost farmers an extra $800 each for the period, on average.

USDA statistics show that about 56 per cent of US farmers were in a healthy financial state last year with high incomes and low debt.

But the American Agriculture Movement, a farmers' pressure group, says the lower debt figures often result from banks writing off loans rather than from farmers paying them off.

In particular, wheat-farmers are not feeling much benefit from the upturn in the farm economy.

Mr Jay Pursley, Wyoming Wheat Growers' Association president, says: "In terms of actually healing up, I don't think anyone's doing that. It's good enough to make payments, but not good enough to invest."

The wheat-farmers say the Administration does not classify the figures into commodity groups precisely because this would paint such a black picture of certain areas that no one could ever be persuaded to invest there.

The number of US farmers fell last year by 250,000, to under 5m for the first time since 1820. Right now, says Mr David Senter of AAM, many farmers are waiting to see the effects of new farm-credit laws, to see if this will help them stave off bankruptcy.

However, he believes last year was the best one farmers can expect for a long time. Cuts in farm spending this year – down to about $20bn from a $26bn high – will reduce target prices and loan rates to many hard-pressed farmers. "We viewed 1987 as the eye of the hurricane," says Mr Senter.

The AAM is convinced government spending on farms could be halved to between $12bn and $15bn a year through improvements to the supply-management programme.

A programme that pays farmers to cut output in terms of bushels and pounds rather than for the amount of land they idle would cut big surpluses and boost prices, Mr Senter says.

He says that under the current programme farmers idle least-productive land first and continue to produce almost as much as before.

He points to the strong showing for Mr Richard Gephardt, the Missouri Representative who is championing this kind of law, in the presidential caucus in Iowa on Monday, as evidence of farmers' support for this sort of programme.

Mr Helmer has so far idled 500 acres under the government scheme, for which he is paid $50 an acre.

Wheat has not been doing too well and so he has turned the bulk of his land over to oats and barley. The oats are sold at premium for feeding to race-horses in Kentucky; he feeds the barley to the 1,500 cattle he is fattening over the winter in his feed-lots.

Mr Senter says full-time commercial farmers are feeling the most stress, particularly those in wheat and feedgrain areas, because the small-scale farmer can supplement his income with an outside job.

Some have also tried using part of their land for recreation. However, as a Wisconsin dairy-farmer explains, this path is fraught with difficulties.

Last year he turned part of his farmland into a cross-country ski-track but paid more in liability insurance for the track than he gained in revenues from it.

Mr Helmer is wary of encountering similar problems. But he has stocked his lake with trout and plans to open it for fishing when the ice thaws.

Indonesia cuts sugar estimate

INDONESIA'S RAW sugar output this year is expected to rise only slightly, to 2.175m tonnes, compared with an earlier forecast of 2.375m tonnes and with 2.125m tonnes produced last year, the Indonesian Sugar Council said, **reports Reuter from Jakarta.**

Officials said the projected output for this year had been revised downwards because of last year's drought.

Consumption for this year was forecast at 2.1m tonnes, against 2.03m tonnes last year.

"So theoretically we don't really need to import," said Mr Karmanta Halim, head of the council's planning and development section.

Mr Bustanil Arifin, chairman of Bulog, the National Food Logistics Agency, said last month that Indonesia would import 125,000 tonnes of sugar to buttress stocks and to meet demand during the Moslem fasting month of Ramadan which begins in mid-April.

He said 40,000 tonnes were for March delivery, with the remainder scheduled for April.

Demand during Ramadan is double the normal monthly consumption of 175,000 tonnes.

Mr Halim said: "Stocks with Bulog as of January 1 were 900,000 tonnes, enough to take us through to the next crushing season. So the purchase was just to ensure ease of supplies and maintain price stability."

Officials discounted trade reports saying Indonesia would need between 250,000 tonnes and 500,000 tonnes of sugar in the present year.

The head of the council's department for control and monitoring said: "What we've bought is more than enough."

More than half the 201,000 hectares on Java and the 55,000 hectares outside Java planted with sugar last year were affected by drought, according to the council.

The area planted is expected to rise to a total of 320,000 hectares this year, and to 365,000 hectares in 1989 as part of plans to raise sugar output to keep pace with rising demand and Indonesia's population increase.

Australia raises output of raw

AUSTRALIAN RAW sugar output rose to 3.54m tonnes at raw value in the 1987 crushing season, from 3.48m tonnes in 1986, said Queensland Sugar Board, **reports Reuter from Brisbane.**

Total raw and refined exports rose to 2.83m tonnes (RV) from 2.71m in 1986, said Mr John Andrews, board chairman.

Raw sugar exports amounted to 2.81m tonnes and refined exports to 13,000 tonnes, compared with 2.7m tonnes and 12,000 tonnes in 1986.

Japan was the largest market for Australian raw sugar last year, taking 693,000 tonnes (RV), the highest level since 1980 and up from 514,000 tonnes in 1986, Mr Andrews said.

Exports to China, the second-largest market, rose to a record 484,000 tonnes, from 443,000 in 1986, he said.

Indian tea output hits record

INDIAN TEA output last year was a record 673.3m kg, surpassing an industry estimate of 670m kg, the Indian Tea Board said, **reports Reuter from Calcutta.**

The previous high of 659m kg was recorded in 1985. In 1986 output was 624m kg.

The crop, concentrated in the north-eastern and southern regions, escaped the drought which damaged many of India's other crops.

North India had the best results, producing 527.4m kg, 42.3m kg more than in 1986. Southern India's output rose by 6.4m kg on 1986, to 145.9m kg.

Tea board officials said all major producer-countries had record crops, increasing global output by 65.7m kg to 1,216.7m kg.

In December tea-growers were warning of a possible world tea glut and slumping prices.

● The Indian State Trading Corporation has called an import tender for today for unspecified amounts of optional origin crude soyoil, rapeseed oil and sunflowerseed oil, traders said. Palm oil was excluded from the tender, they added.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE LONDON Metal Exchange's buoyant mood was reversed yesterday with all its base metal markets losing some of their recent gains. The aluminium market, which had reached eight year highs during the day on Tuesday, showed the biggest fall as a wave of profit-taking swept over the LME. The cash high grade price ended the day $35 down at $2,185 a tonne. Copper also came under fairly heavy pressure with the cash grade A quotation showing a loss of £23.50 at £1,418 a tonne. That halted a six day rise which had taken the price more than £100 higher. Dealers said copper's fall was due to profit-taking, fueled by a rally in sterling. The also reported "stale bull liquidation", reflecting uneasiness following the preceding gains.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.15y	+0.10
Brent Blend	$16.00-6.05z	+0.175
W.T.I.(1 pm est)	$16.85-6.90z	+0.18
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$164-166	
Gas Oil (Soviet)	$134-134	+1.0
Heavy Fuel Oil	$70-72	
Naphtha	$150-153	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$446.75	+1.25
Silver (per troy oz)♣	643c	+4
Platinum (per troy oz)	$468.50	+1.75
Palladium (per troy oz)	$121.25	+1.00
Aluminium (free market)	$2205	-50
Copper (US Producer)	115⅝-118c	+1.50
Lead (US Producer)	35.50c	
Nickel (free market)	400c	
Tin (European free market)	£3890	+5
Tin (Kuala Lumpur market)		
Tin (New York)	318.50c	-0.50
Zinc (Euro. Prod. Price)	$890	
Zinc (US Prime Western)	45.375c	
Cattle (live weight)†	107.38p	-0.07*
Sheep (dead weight)†	150.32p	-4.69*
Pigs (live weight)†	66.76p	+1.40*
London daily sugar (raw)	$226.40w	+3.00
London daily sugar (white)	$233.50w	+3.00
Tate and Lyle export price	£237.00	
Barley (English feed)	£109.50z	
Maize (US No 3 yellow)	£135.00	
Wheat (US Dark Northern)	£99.75u	
Rubber (spot)♥	62.75p	
Rubber (Mar) ♥	66.75p	
Rubber (Apr) ♥	66.75p	
Rubber (KL RSS No 1 Mar)		
Coconut oil (Philippines)§	$545.00x	+10.00
Palm Oil (Malaysian)§	$412.50x	
Copra (Philippines)§	$370.00w	
Soyabeans (US)	£157.00w	-1.00
Cotton "A" index	67.15c	-0.10
Wooltops (64s Super)	578p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr. y-Apr. † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	1043	1038	1043 1035
May	1068	1060	1068 1059
Jly	1090	1083	1090 1080
Sep	1110	1102	1110 1101
Dec	1137	1127	1137 1127
Mar	1162	1156	1161 1156
May	1181	1175	1180 1177

Turnover:2731 (4088) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for February 17: 1348.74 (1340.01) .10 day average for February 18: 1331.32 (1332.14).

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1278	1275	1278 1260
May	1309	1305	1309 1292
Jly	1330	1330	1328 1315
Sep	1350	1351	1350 1335
Nov	1375	1374	1387 1360
Jan	1389	1398	1390 1385
Mar	1406		

Turnover: 2931 (6447) lots of 5 tonnes
ICO indicator prices (US cents per pound) for February 16: Comp. daily 1979 121.13 (121.73); 15 day average 118.18 (117.77).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	191.80	194.60	195.20 191.80
May	191.60	194.00	194.60 191.60
Aug	186.60	189.40	189.60 188.20
Oct	185.80	188.80	189.00 186.20
Dec	189.00	190.00	
Mar	188.80	190.40	190.00
May	190.00	191.80	
White	**Close**	**Previous**	**High/Low**
May	231.20	232.00	233.00 231.50
Aug	232.00	231.20	
Oct	230.50	230.50	231.00 230.00
Dec	230.50	230.00	231.50
Mar	232.50	233.00	232.00 231.00
May	233.00	234.00	

Turnover: Raw 2526 (2745) lots of 50 tonnes; White 653 (893).
Paris- White (FFr per tonne): May 1345, Aug 1361, Oct 1350, Dec 1352, Mar 1375, May 1385.

GAS OIL $/tonne

	Close	Previous	High/Low
Mar	134.75	134.50	136.75 134.75
Apr	135.00	134.50	137.00 135.00
May	134.75	135.00	136.75 134.75
Jun	137.00	136.00	138.25 136.75
Jul	136.75	136.25	136.75

Turnover: 1310 (788) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	105.35	106.20	106.10 105.30
May	108.20	108.75	108.55 108.00
Jly	100.75	111.30	111.00 110.65
Sep	101.60	101.70	101.60
Nov	103.70	103.60	103.70 103.60
Jan	105.75	105.75	
Mar	107.75	107.75	
Barley	**Close**	**Previous**	**High/Low**
Mar	104.10	104.00	104.25 104.00
May	106.05	106.00	106.20 106.00
Sep	97.40	97.35	97.40 97.25
Nov	100.05	100.00	
Jan	102.15	102.10	
Mar	104.50	104.43	

Turnover: Wheat 298 (76) . Barley 53 (96) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2175-95	2210-30		2200-10		
3 months	2045-55	2040-60		2055-60	2030-50	3,167 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 16,000 tonne
Cash	1218-23	1226-30	1235	1232-5		
3 months	1150-1	1151.5-2.5	1165/1145	1162-3	1154-5	44,652 lots
Copper, Grade A (£ per tonne)						Ring turnover 64,500 tonne
Cash	1418-20	1440-3	1475/1465	1471-4		
3 months	1296-7	1302-4	1342/1277	1329-9	1277-8	69,622 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1365-85	1390-5		1420-40		
3 months	1260-80	1270-80		1300-10		36 lots
Silver (US cents/fine ounce)						Ring turnover 40,000 ozs
Cash	640-2	632-5	635	635-6		
3 months	650-2	642-5		645-7	652-5	670 lots
Lead (£ per tonne)						Ring turnover 12,850 tonne
Cash	372-3	375-7	380/374	378-8.5		
3 months	342-3	346.5-7	345/340	344-5	342-3	10,548 lots
Nickel ($ per tonne)						Ring turnover 1,674 tonne
Cash	8770-90	8710-25		8780-8800		
3 months	8335-6	8365-70	8466/8320	8360-70	8330-40	8,559 lots
Zinc (£ per tonne)						Ring turnover 7,800 tonne
Cash	501-3	509.5-10.5		504.5-5		
3 months	505-7	513.5-14	510/505	508-8.5	506-7	11,884 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	142.50	146.50	146.10 142.00
May	157.50	164.00	161.50 157.50
Nov	92.50	95.50	94.50 92.50
Feb	101.50	103.50	101.50
Apr	139.50	142.10	141.00 139.40

Turnover: 316 (318) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	129.00	130.00	129.50 129.00
Jun	124.50	126.00	125.00
Aug	123.00	124.50	123.00
Oct	124.50	125.50	
Dec	128.00	130.00	
Feb	130.00	132.00	

Turnover: 190 (150) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1567.0	1570.0	1587.0 1580.0
Jly	1422.0	1415.0	1425.0 1419.0
Oct	1435.0	1430.0	1437.0 1430.0
Jan	1400.0	1405.0	1400.0
BFI	1561.5	1545.5	

Turnover: 375 (260)

WOOL
Prices for the finest merinos, where rises have been most evident, are still climbing, though offerings are now very limited for seasonal reasons. Otherwise the market is simply holding firm and the Australian Wool Corporation indicator is up only about 1% on the week at 1109 Australian cents. The UK wool textile industry has been faring relatively well for some time but some European countries are not so happily placed. Even in the UK there are some marked contrasts, with the crossbred woollen weaving, carpet and knitwear sectors much less buoyant than those concerned with the finer merinos.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	446½-447	255-255½
Opening	443¾-444¼	254½-255
Morning fix	444.40	254.598
Afternoon fix	445.60	255.007
Day's high	447-447½	
Day's low	443½-444	
Coins	**$ price**	**£ equivalent**
US Eagle	459-464	262-265
Mapleleaf	459-464	262-265
Britannia	459-464	262-265
Krugerrand	445-448	254-256
1/2 Krug	231½-240½	132¼-137½
1/4 Krug	118-126	67½-72
Angel	457-462	261¼-264
1/10 Angel	48-53	27½-30¼
New Sov.	105-106	60-60¾
Old Sov.	105-106½	60-61
Noble Plat	479-484¾	274½-278

Silver fix	p/fine oz	US cts equiv
Spot	364.65	636.00
3 months	372.85	646.75
6 months	381.65	659.20
12 months	400.45	683.15

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls Mar	Calls May	Puts Mar	Puts May
Strike price $ tonne	Mar	May	Mar	May
2050		107		
2150	51			
Aluminium (99.5%)	**Calls**		**Puts**	
2000				99
2100			45	
Copper (Grade A)	**Calls**		**Puts**	
2250		270		
2450			110	

US MARKETS

IN LACKLUSTRE TRADE early commission house and local buying firmed precious metals before locals liquidated longs and the markets closed marginally higher in response to an easier US dollar, reports Drexel Burnham Lambert. Copper fell sharply as local, overseas and commission house selling touched off sizeable stops before short-covering pared losses. Trade buying in response to the API statistics rallied energy futures before local long-liquidation and fund selling pared gains. Coffee rallied on trade short-covering in the face of speculative long-liquidation in March. A negative interpretation of the cattle-on-feed report depressed cattle futures, but higher cash prices lifted April. Hogs and bellies were both lower reflecting easier cash prices. Soyameal came under pressure in response to weak European and South American cash premiums. Soya oil was firm following reports that Pakistan had bought and that India, Turkey, Morocco and Tunisia would be tendering for offers. Soyabeans rallied in line with the oil and fund buying was also noted.

New York

GOLD 100 troy oz., $/troy oz.

	Close	Previous	High	Low
Feb	446.0	444.2	447.0	445.0
Mar	446.2	444.8	446.0	446.0
Apr	449.2	447.6	450.5	448.0
Jun	453.8	452.2	455.0	452.9
Aug	458.6	457.0	459.2	458.0
Oct	463.8	462.0	464.0	463.0
Dec	468.7	467.1	469.8	467.5
Feb	474.0	472.4	474.0	473.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Apr	467.2	467.6	470.0	467.0
Jul	472.0	472.8	474.5	472.5
Oct	477.1	478.1	480.0	477.5
Jan	482.6	483.6	0	0
Apr	489.1	490.1	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Feb	643.0	635.5	0	0
Mar	645.0	637.5	646.0	639.0
Apr	648.9	641.4	0	0
May	653.6	646.1	655.0	647.0
Jul	661.8	654.3	662.0	655.0
Sep	669.9	662.2	669.5	669.0
Dec	683.0	675.2	683.0	677.0
Jan	686.8	679.0	0	0
Mar	696.2	688.4	698.0	695.0
May	705.4	697.6	697.0	697.0

COPPER 25,000 lbs: cents/lbs

	Close	Previous	High	Low
Feb	107.00	108.55	106.95	106.95
Mar	104.50	105.80	106.80	100.50
Apr	102.00	102.90	0	0
May	98.50	100.00	100.80	94.50
Jul	93.50	92.20	93.70	89.50
Sep	88.50	87.20	88.50	86.00
Dec	85.50	84.20	85.00	83.40
Jan	85.00	83.70	0	0
Mar	84.00	82.80	82.80	81.90
May	84.00	82.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High	Low
Mar	16.59	16.67	16.92	16.58
Apr	16.58	16.66	16.93	16.55
May	16.53	16.61	16.85	16.50
Jun	16.40	16.51	16.75	16.40
Jul	16.40	16.41	16.62	16.40
Aug	16.32	16.31	16.55	16.33
Sep	16.27	16.21	16.44	16.27
Oct	16.28	16.11	16.35	16.20
Nov	16.30	16.01	16.30	16.14

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High	Low
Mar	45.75	46.37	47.15	45.70
Apr	45.10	45.41	46.25	44.95
May	44.50	44.68	45.45	44.50
Jun	44.10	44.18	44.90	44.10
Jul	44.10	44.18	44.90	44.10
Aug	45.10	44.68	45.60	45.10
Sep	45.85	45.38	45.90	45.85
Oct	46.55	46.08	46.60	46.55
Nov	47.25	46.78	47.30	47.25
Dec	48.00	47.48	48.00	48.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Mar	1668	1660	1673	1654
May	1715	1705	1724	1700
Jul	1749	1737	1753	1735
Sep	1776	1764	1784	1767
Dec	1809	1798	1820	1805
Mar	1844	1833	1845	1845
May	1870	1858	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Mar	137.69	136.02	137.75	135.75
May	140.31	138.91	140.50	138.74
Jul	142.35	141.20	142.40	140.75
Sep	144.25	143.30	144.25	142.75
Dec	147.20	146.50	147.25	145.50
Mar	147.62	147.25	147.85	146.50
May	148.50	147.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	8.63	8.70	8.76	8.61
May	8.50	8.63	8.67	8.49
Jul	8.31	8.43	8.46	8.29
Oct	8.28	8.40	8.45	8.23
Jan	8.28	8.40	0	0
Mar	8.40	8.49	8.55	8.39
May	8.55	8.60	8.60	8.60

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
Mar	63.70	61.70	63.70	61.75
May	64.48	62.48	64.48	62.45
Jul	64.55	62.55	64.55	62.75
Oct	61.52	60.27	61.55	60.20
Dec	60.16	59.18	60.30	59.70
Mar	61.00	60.20	61.00	61.00
May	61.30	60.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	168.15	166.10	168.60	168.20
May	161.95	160.85	162.60	161.25
Jul	160.30	159.75	160.90	160.00
Sep	159.30	158.35	159.85	158.50
Nov	155.75	156.25	156.00	154.50
Jan	153.75	154.25	0	0
Mar	153.75	154.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 16	Feb 15	mnth ago	yr ago
1775.0	1765.9	1760.1	1609.3

DOW JONES (Base: December 31 1974 = 100)

Spot	130.25	130.59	133.76	113.81
Futures	135.03	134.48	136.31	114.55

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Mar	633/4	620/4	635/0	618/2
May	642/4	628/6	645/0	627/0
Jul	650/6	637/4	652/0	636/0
Aug	652/0	640/0	653/0	637/4
Sep	648/0	636/6	649/0	633/0
Nov	655/0	642/6	656/0	638/4
Jan	661/4	649/4	662/0	647/4
Mar	668/4	660/0	0	0
May	672/4	663/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Mar	21.64	21.14	21.85	21.14
May	21.95	21.44	21.98	21.45
Jul	22.20	21.70	22.22	21.72
Aug	22.25	21.75	22.25	21.80
Sep	22.25	21.82	22.25	21.85
Oct	22.35	21.80	22.35	21.90
Dec	22.38	21.90	22.40	21.92
Jan	22.35	21.91	22.35	22.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Mar	188.6	185.4	188.8	183.4
May	187.2	183.9	187.5	181.8
Jul	188.2	184.6	189.0	182.5
Aug	188.9	185.6	189.0	183.5
Sep	189.2	186.7	189.5	184.5
Oct	190.0	187.0	190.0	185.0
Dec	190.7	188.0	191.0	186.0
Jan	190.5	188.7	190.5	187.0
Mar	192.7	190.5	192.5	193.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Mar	201/6	198/2	202/2	197/0
May	209/2	204/4	209/6	203/4
Jul	212/6	208/6	213/0	207/6
Sep	215/2	212/4	215/4	211/6
Dec	219/6	215/2	220/0	214/2
Mar	227/0	222/4	227/0	221/4
May	230/0	225/6	230/0	225/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Mar	327/6	331/0	331/0	323/0
May	331/6	335/0	334/0	327/0
Jul	332/2	333/0	333/0	328/0
Sep	336/4	336/6	337/0	333/0
Dec	347/0	347/4	347/0	343/0
Mar	350/0	350/0	350/0	349/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Feb	71.80	71.87	71.95	71.25
Apr	72.95	72.27	73.05	71.50
Jun	70.70	70.47	70.82	69.40
Aug	67.92	67.95	67.97	67.10
Oct	66.75	66.92	66.92	66.10
Dec	67.07	67.22	67.35	66.55
Feb	66.85	67.10	66.85	66.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High	Low
Feb	47.17	47.57	47.45	46.92
Apr	44.87	45.30	45.25	44.80
Jun	48.12	48.35	48.35	47.70
Jul	48.20	48.40	49.30	47.80
Aug	47.02	47.27	47.22	46.82
Oct	42.60	42.55	43.00	42.55
Dec	43.05	43.15	43.25	42.80
Feb	43.30	43.10	43.30	43.10

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High	Low
Feb	55.70	55.70	56.05	54.95
Mar	55.75	55.95	56.55	55.00
May	57.40	57.45	57.82	56.25
Jul	57.52	57.80	58.15	57.10
Aug	56.32	56.40	56.70	55.90

هكذا من الاصل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar quiet but lower

THE DOLLAR'S recent half hearted attempt to break through the DM1.72 level came to a halt yesterday. US economic data provided little reason to buy the dollar and in view of that, investors became disillusioned and started to test the downside.

However the extent of the fall was limited. There was still insufficient momentum to push the dollar low enough to test the resolve of central banks.

US housing starts showed a surprise fall of 1.9p.c. in January compared with market expectations of a 4p.c. to 7 p.c. rise, and compared with a fall of 16.2 p.c. in December. The erratic nature of the figure made any serious assessment impossible. However one analyst pointed out that a rise in mortgage rates late last year was probably having some effect, since housing starts are renowned as being a very interest rate sensitive sector. A 0.2 p.c. rise in US industrial production was in line with expectations. The increase in December was also 0.2 p.c.

As one dealer volunteered, "After a brief down turn in the afternoon it was all back to twiddling our thumbs." The dollar touched a high of DM1.7130 before coming back to finish at DM1.7055 compared with DM1.7080 on Tuesday. Against the yen it finished at Y130.30 from Y130.20. Elsewhere it finished at SFr1.4020, unchanged from Tuesday, and FFr5.7625, down from FFr5.7725. On Bank of England figures, the dollar's exchange rate index slipped to 95.4 from 95.5.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index was 74.3 at the close, unchanged from the opening and Tuesday's close. The six-months ago figure was 72.6.

The pound maintained a very steady tone ahead of today's figures on bank lending and money supply. A large increase in bank lending was expected, but the causes and possible effects had already been largely discounted.

Consequently the pound managed a small improvement against the dollar to $1.7495 from $1.7480 and was only slightly easier against the D-Mark at DM2.9825 compared with DM2.9850. Against the yen it rose to Y228.0 from Y227.50, and finished elsewhere at SFr2.4525 from SFr2.4500 and FFr10.0825 from FFr10.0900.

D-MARK-Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. January average 1.6547. Exchange rate index 148.9 against 145.8 six months ago.

The dollar lost ground towards the close in Frankfurt yesterday. It closed at DM1.7050, down from DM1.7130 on Tuesday. Earlier in the day it had been fixed at DM1.7114. Fears of central bank intervention were still apparent but the mood of the market now seemed intent upon exploring the downside.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 237.8 against 215.7 six months ago.

Most traders were fairly sure that the dollar was unlikely to break out of its recent trading range for some time. Recent holidays in various financial centres and little incentive to take a long term view meant that the dollar finished at Y130.40in Tokyo, unchanged from New York.

Dealers pointed out that profit taking would increase quite sharply if the dollar moved above Y131, while the fear of central bank intervention was there to limit the downside to some extent.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.2293	+1.82	+1.04	±1.5344
Danish Krone	7.85212	7.89115	+0.50	-0.28	±1.5404
German D-Mark	2.05853	2.06607	+0.37	-0.41	±1.0981
French Franc	6.90403	6.97947	+1.09	+0.31	±1.3674
Dutch Guilder	2.31943	2.32001	+0.03	-0.75	±1.5012
Irish Punt	0.768411	0.776092	+1.00	+0.22	±1.6684
Italian Lira	1483.58	1520.57	+2.49	+2.15	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb.17	Latest	Previous Close
£ Spot	1.7440-1.7450	1.7460-1.7470
1 month	0.33-0.30pm	0.28-0.26pm
3 months	1.16-1.12pm	0.97-0.94pm
12 months	4.32-4.22pm	3.85-3.75pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.17	Previous
8.30 am	74.3	74.1
9.00 am	74.3	74.1
10.00 am	74.3	74.1
11.00 am	74.3	74.2
Noon	74.3	74.2
1.00 pm	74.3	74.2
2.00 pm	74.3	74.2
3.00 pm	74.3	74.2
4.00 pm	74.3	74.3

POUND SPOT- FORWARD AGAINST THE POUND

Feb.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7425-1.7520	1.7490-1.7500	0.29-0.26cpm	1.89	0.96-0.91pm	2.14
Canada	2.2123-2.2180	2.2140-2.2150	0.06d-0.04cpm	-0.05	0.26-0.14pm	0.36
Netherlands	3.34¼-3.35¼	3.34¾-3.35¾	1⅝-1cpm	4.70	4⅛-3⅞pm	4.85
Belgium	62.30-62.63	62.40-62.50	21-5cpm	2.50	55-36pm	2.91
Denmark	11.38-11.41½	11.39¾-11.40¾	1⅞pm-⅝oredis	0.26	1⅛-par	0.33
Ireland	1.1175-1.1235	1.1205-1.1215	0.30-0.04ppm	1.82	0.71-0.06pm	1.37
W. Germany	2.97¾-2.98¾	2.97¾-2.98¾	1⅝-1⅛pm	5.28	4⅛-3⅞pm	5.53
Portugal	243.11-244.83	243.80-244.80	95-141cdis	-5.80	260-362dis	-5.09
Spain	201.02-201.81	201.05-201.35	38-63cdis	-3.01	112-151dis	-2.61
Italy	2195½-2199	2196½-2197½	par-6lirdis	-1.64	3-13dis	-1.46
Norway	11.24½-11.26½	11.25¼-11.26¼	4⅛-5⅞oredis	-5.13	12⅞-14½dis	-4.86
France	10.07¼-10.09¼	10.07¾-10.08¾	1½-1⅛cpm	1.19	3⅛-2⅝pm	1.14
Sweden	10.60½-10.63¼	10.60½-10.61½	⅛-1⅝oredis	-0.85	¼-1⅛dis	-0.35
Japan	227½-228½	227½-228½	1⅛-⅝ypm	4.93	3-2⅝pm	4.71
Austria	20.91-20.97	20.91-20.94	8⅞-7⅛gropm	4.77	26⅝-24pm	4.84
Switzerland	2.44¾-2.45¾	2.44¾-2.45¾	1⅞-1⅛cpm	7.65	4⅛-4⅛pm	7.24

Belgian rate is convertible francs. Financial franc 62.60-62.70 . Six-month forward dollar 1.97-1.92cpm 12 month 3.85-3.75pm

CURRENCY RATES

Feb.17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.773827	0.691989
U.S Dollar	6	1.34762	1.20752
Canadian $	8.75	1.70878	1.53150
Austrian Sch.	3	16.2078	14.4975
Belgian Franc	6¾	48.3358	43.2293
Danish Krone	7½	8.82489	7.89115
Deutsche Mark	2½	N/A	2.06607
Neth.Guilder	3¼	2.59349	2.32001
French Franc	9½	7.80104	6.97947
Italian Lira	12½	1699.62	1520.57
Japanese Yen	2½	175.730	157.582
Norway Krone	8	8.71102	7.78610
Spanish Peseta	-	156.108	139.348
Swedish Krona	7½	8.21913	7.34415
Swiss Franc	2½	1.89475	1.69717
Greek Drach.	20½	N/A	164.947
Irish Punt	-	N/A	0.776092

All SDR rates for February 16

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7425-1.7520	1.7490-1.7500	0.29-0.26cpm	1.89	0.96-0.91pm	2.14
Ireland†	1.5545-1.5625	1.5615-1.5625	0.14-0.11cpm	0.96	0.57-0.49pm	1.36
Canada	1.2650-1.2693	1.2650-1.2660	0.18-0.21cdis	-1.84	0.55-0.58dis	-1.78
Netherlands	1.9100-1.9250	1.9150-1.9160	0.45-0.43cpm	2.75	1.28-1.25pm	2.63
Belgium	35.63-35.84	35.65-35.75	3.50-0.50cdis	-0.67	9-4pm	0.73
Denmark	6.50¾-6.54¼	6.51¼-6.51¾	0.60-1.20oredis	-1.65	2.70-3.30dis	-1.84
W. Germany	1.7020-1.7130	1.7050-1.7060	0.50-0.47pfpm	3.40	1.46-1.41pm	3.35
Portugal	139½-140¼	139½-139¾	90-110cdis	-8.59	220-280dis	-7.16
Spain	114.85-115.61	114.95-115.05	40-55cdis	-4.94	125-155dis	-4.85
Italy	1252-1261	1255¾-1256¼	2.50-4.00liredis	-3.10	10.00-13.00dis	-3.65
Norway	6.43-6.46½	6.43¼-6.43¾	3.60-3.95oredis	-7.02	11.15-11.55dis	-7.04
France	5.75¼-5.78¼	5.76-5.76½	0.25-0.45cdis	-0.67	1.35-1.65dis	-1.04
Sweden	6.06-6.09¼	6.06¼-6.06¾	1.25-1.55oredis	-2.76	3.70-4.00dis	-2.53
Japan	130.00-130.60	130.25-130.35	0.35-0.32ypm	3.08	0.89-0.84pm	2.65
Austria	11.99-12.02	11.99¼-11.99¾	3.00-2.70gropm	1.63	8.50-7.50pm	2.66
Switzerland	1.4005-1.4075	1.4015-1.4025	0.67-0.62cpm	5.50	1.80-1.75pm	5.05

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.75-35.85.

CURRENCY MOVEMENTS

Feb.17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	74.3	-19.2
U.S Dollar	95.4	-11.4
Canadian Dollar	80.0	-7.3
Austrian Schilling	140.2	+10.7
Belgian Franc	100.3	-4.8
Danish Krone	93.5	+2.8
Deutsche Mark	148.9	+22.8
Swiss Franc	177.0	+24.9
Guilder	137.6	+15.6
French Franc	71.7	-13.3
Lira	46.9	-19.1
Yen	237.8	+78.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)**Rates are for Feb.16

EURO-CURRENCY INTEREST RATES

Feb.17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	4-3⅞	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	10-9	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	7-6⅞	[illegible]

Long term Eurodollars: two years 7⅞-7¾ per cent; three years 8⅛-8 per cent; four years 8½-8¼ per cent; five years 8¾-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Feb.17	£	$
Argentina	10.0260-10.1190	5.7400-5.7900
Australia	2.4420-2.4450	1.3990-1.4000
Brazil	157.35-158.235	90.0880-90.5830
Finland	7.2220-7.2350	4.1390-4.1410
Greece	236.20-240.25	134.30-137.60
Hong Kong	13.5945-13.6110	7.7880-7.7910
Iran	119.15*	66.80*
Korea(Sth)	1341.59-1353.65	768.90-774.70
Kuwait	0.48380-0.48430	0.27710-0.27720
Luxembourg	62.40-62.50	35.65-35.75
Malaysia	4.5125-4.5240	2.5850-2.5900
Mexico	3985.95-4002.25	2282.00-2290.00
N. Zealand	2.6035-2.6085	1.4930-1.4940
Saudi Ar.	6.5475-6.5530	3.7500-3.7510
Singapore	3.5195-3.5265	2.0160-2.0190
S. Af (Cm)	3.6260-3.6435	2.0775-2.0820
S. Af (Fn)	4.9200-5.0620	2.8170-2.8985
Taiwan	49.75-50.00	28.55-28.65
U.A.E.	6.4120-6.4180	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Feb.17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.750	2.983	228.0	10.08	2.453	3.353	2197	2.215	62.45
$	0.571	1	1.705	130.3	5.760	1.402	1.916	1255	1.266	35.69
DM	0.335	0.587	1	76.43	3.379	0.822	1.124	736.5	0.743	20.94
YEN	4.386	7.675	13.08	1000.	44.21	10.76	14.71	9636	9.715	273.9
F Fr.	0.992	1.736	2.959	226.2	10.	2.434	3.326	2180	2.197	61.95
S Fr.	0.408	0.713	1.216	92.95	4.109	1	1.367	895.6	0.903	25.46
H Fl.	0.298	0.522	0.890	68.00	3.006	0.732	1	655.2	0.661	18.63
Lira	0.455	0.797	1.358	103.8	4.588	1.117	1.526	1000.	1.008	28.43
C $	0.451	0.790	1.347	102.9	4.551	1.107	1.514	991.9	1	28.19
B Fr.	1.601	2.802	4.777	365.1	16.14	3.928	5.369	3518	3.547	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Waiting for banking data

DOLLAR AND sterling denominated interest rate futures finished firmer on Liffe yesterday. US statistics produced no great surprises, and any doubts about the implications of the UK PSBR figures, released Tuesday, will now wait until today's announcement of bank lending for further analysis.

In the US, Treasury bond prices opened higher. The Federal Reserve intervened for the second day running to inject liquidity into the New York banking system, but there was no strong reaction.

A rise of 0.2 p.c. in January US manufacturing output, against 0.5 p.c. in December, was in line with expectations, but the fall of 1.9 p.c. in January US housing starts was outside the general level of forecasts. This encouraged a slight move up in US Treasury bond futures, but trading was generally quiet.

Expectations of an early settlement to the Ford strike provided better sentiment for UK gilt futures, but the market awaits today's economic news.

The main concern will be the level of UK bank lending in January, on suspicions of high borrowing to pay corporation tax, after the larger than expected PSBR repayment last month.

Mr Marc Hendriks, senior economist at Baring's economic unit, feels there is no strong evidence that company borrowing will produce a very high bank borrowing figure. Baring's expects this to be around £3.5bn, against market rumours of up to £6bn, and a general level of forecasts of around $4bn to £4.5bn.

Average earnings will be watched for any sign of rising inflationary pressure, but Barings and Merryll Lynch forecast no change in the underlying rate of 8¼ p.c.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
116	3.23	4.28	0.01	1.04
118	1.30	3.06	0.08	1.46
120	0.18	2.06	0.60	2.46
122	0.03	1.21	2.45	3.61
124	0.00	0.52	4.42	5.28
126	0.00	0.30	6.42	7.06
128	0.00	0.09	8.42	8.58
130	0.00	0.09	10.42	10.49

Estimated volume total, Calls 2739 Puts 1861
Previous day's open int: Calls 48200 Puts 30551

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	11.28	10.32	0.00	0.08
84	9.28	8.41	0.00	0.17
86	7.28	6.57	0.00	0.33
88	5.28	5.20	0.00	0.60
90	3.29	3.53	0.01	1.29
92	1.37	2.37	0.09	2.13
94	0.16	1.27	0.52	3.03
96	0.01	0.53	2.37	4.29

Estimated volume total, Calls 97 Puts 265
Previous day's open int: Calls 1901 Puts 2116

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
16000	14.20	15.07	0.00	0.87
16500	9.23	11.06	0.03	1.85
17000	4.62	7.64	0.42	3.44
17500	1.45	4.97	2.25	5.77
18000	0.23	3.02	6.03	8.82
18500	0.02	1.71	10.82	12.51
19000	0.00	0.91	15.80	16.71
19500	0.00	0.45	20.80	21.25

Estimated volume total, Calls 0 Puts 0
Previous day's open int: Calls 25 Puts 109

LIFFE £/$ OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE-EURODOLLAR OPTIONS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT

7-10 YEAR 9% NOTIONAL GILT

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND

THREE MONTH STERLING

FT-SE 100 INDEX

THREE MONTH EURODOLLAR

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	93-14	93-21	93-04	92-29
Jun	92-12	-	-	91-27

Estimated Volume 6429(6261)
Previous day's open int. 10765(11602)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

U.S. TREASURY BILLS (IMM)

DEUTSCHE MARK (IMM)

THREE-MONTH EURODOLLAR (IMM)

JAPANESE YEN (IMM)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7148	0.7149	0.7138	0.7164
Jun	0.7232	0.7236	0.7225	0.7250
Sep	0.7315	-	0.7310	0.7331
Dec	0.7400	-	0.7400	0.7416

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	261.65	262.10	261.40	262.10
Jun	262.95	263.50	262.75	263.40
Sep	264.10	264.40	263.90	264.30
Dec	265.20	-	265.00	265.45

CURRENCY FUTURES

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7495	1.7468	1.7402	1.7301	1.7115

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.7445	1.7450	1.7415	1.7465
Jun	1.7340	1.7340	1.7310	1.7360
Sep	1.7232	-	1.7200	1.7240
Dec	-	-	-	1.7192

LIFFE-STERLING £25,000 $ per £

	Latest	High	Low	Prev.
Mar	1.7482	-	-	1.7446
Jun	1.7380	-	-	1.7345
Sep	1.7275	-	-	1.7245

Estimated volume 0(12)
Previous day's open int. 218(218)

MONEY MARKETS

Rates hold steady

INTEREST RATES were steady on the London money market yesterday, as dealers waited for today's figures on UK money supply, bank lending, unemployment and average earnings.

The market took a very cautious attitude towards the data, but if anything dealers were encouraged by the steady performance of the pound against the D-Mark, and were happy to take a wait and see view of today's news.

Three-month sterling interbank was unchanged at 9⅝-9⁹⁄₁₆ p.c.

UK clearing bank base lending rate 9 per cent from February 2November 5

The Bank of England initially forecast a money market shortage of £100m, but revised this to around £200m at noon, and to £250m in the afternoon. Total help provided by the authorities was only £66m.

Before lunch the Bank of England bought £14m bank bills outright in band 4 at 8⅞ p.c. In the afternoon the authorities purchased another £27m bank bills in band 4 at 8⅞ p.c. Late assistance of £25m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £137m, with bank balances below target absorbing £60m. These outweighed Exchequer transactions adding £115m to liquidity.

The Bank of England set rates on special lending facilities rolled over to eligible banks. This money was first offered on January 13, to offset tightness in the money market, because of seasonal tax payments.

For sale and repurchase agreements rolled over for one week the rate was 8 p.c., and for agreements rolled over for 40 days, until the facility expires on March 28, the rate was 8¾ p.c. In each case this was equivalent to the mid market rate, ruling yesterday morning.

In **Frankfurt** the West German Bundesbank announced there will be no news conference after today's regular council meeting. Call money on the Frankfurt money market eased slightly to 3.40 p.c. from 3.45 p.c., after the Bundesbank added liquidity to the market on Tuesday, via state owned banks.

In New York the US Federal Reserve added liquidity to the banking system through $2bn of customer repurchase agreements. Federal funds were trading at 6¹⁵⁄₁₆ p.c. at the time of the Fed's operation, compared with an average of 6.90 p.c. on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.17) 3 months US dollars		6 months US Dollars	
bid 6⅞	offer 6⅞	bid 6⅞	offer 7

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed.funds	6⅞
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	5.18	Three year	7.42
Two month	5.53	Four year	7.61
Three month	5.89	Five year	7.78
Six month	6.26	Seven year	8.08
One year	6.66	10-year	8.29
Two year	7.23	30-year	8.47

Feb.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.35-3.40	3.15-3.30	3.25-3.95	3.25-3.40	3.30-3.45	4.50
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.50
Zurich	[illegible]	[illegible]	-	[illegible]		
Amsterdam	[illegible]	[illegible]	-	[illegible]		
Tokyo	3.28125	3.84375	-	3.78125		
Milan	10-10½	[illegible]	-	[illegible]		
Brussels	3.30	[illegible]	-	[illegible]		
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

LONDON MONEY RATES

Feb.17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	6.75-6.70	6.90-6.85	7.20-7.15
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills: Average tender rate of discount [illegible] p.c. ECGD Fixed Rate Sterling Export Finance. [illegible]

Company Notices

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)
A member of the GOLD FIELDS GROUP
(Registration No. 05/04181/06)

DECLARATION OF INTERIM DIVIDEND (No 80)
UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of dividend No 80 declared on 19 January 1988, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R 3.627998 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 15 February 1988 as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Interim Dividend (No 80) of 65 cents per Ordinary share is therefore 17.91621715p per share.

By order of the board
per pro CONSOLIDATED GOLD FIELDS PLC
London Secretaries
Mrs. G. M. A. Gledhill, Secretary.

London Office:
31 Charles II Street,
St James's Square,
London SW1Y 4AG.
15 February 1988

United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London SW1P 1PL

BRASILVEST S.A. Sociedade de Investimento Capital Estrangeiro

Notice of issuance of new coupon sheet (4th Series)

As from December 29, 1987, (payable date for coupon 16) holders of IDRs of the 4th series of Brasilvest S.A. should surrender talon n° 1 to Morgan Guaranty Trust Company of New York at 36, Avenue des Arts, 1040 Brussels, in order to obtain in exchange a new coupon sheet with coupon 16 to 30 plus talon n° 2 attached.

There will be no fee or commission for the exchange, except that holders will be liable for shipping fees.

O.K. BAZAARS (1929) LIMITED
(Incorporated in the Republic of South Africa) NOTICE TO PREFERENCE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the undermentioned half-yearly dividends have today been declared payable on 31st March 1988, in the currency of the Republic of South Africa, to all holders of the respective classes of shares registered in the books of the Company at the close of business on 4th March 1988.
6% First Cumulative Preference Shares-Dividend No 107-3%
6% Third Cumulative Preference Shares-Dividend No 89-3%

The usual non-resident shareholders' tax of 15% will be deducted where applicable. The Register of Members will be closed in Johannesburg and London from 5th March 1988 to 13th March 1988, both days inclusive, for the purposes of the payment of the above dividends.

By Order of the Board
P E Kritzinger
Secretary
London Registrars:
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Register Office:
OK Buildings
80 Eloff Street
JOHANNESBURG 2001
11th February 1988

US$ 100,000,000
UNION DE BANQUES ARABES ET FRANCAISES
U.B.A.F.
Subordinated Floating Rate Notes due 1995

In accordance with the description of the Notes, notice is hereby given that for the seventh interest period from February 18, 1988 to August 18, 1988, the Notes will carry an interest rate of 7⅛% per annum.

The interest payable on the relevant interest payment date, August 18, 1988 against coupon No 7 will be US$ 360.21 per Note.

Kredietbank S.A. Luxembourgeoise
Agent Bank

Continental (Bermuda) Limited
U.S.$250,000,000
Floating Rate Notes due 2005
Guaranteed by Hungarian Foreign Trade Bank Ltd.

Notice is hereby given that for the Interest Period 18th February, 1988 to 18th May, 1988 a period of 90 days, the Rate of Interest will be 7.1875 per cent. per annum. The Interest Amount payable on the Interest Payment Date, 18th February, 1988, will be U.S.$4,492.19 for each Note of U.S.$250,000.

Agent Bank
Dean Witter Capital Markets - International

Clubs

EVE has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

Public Notices

STATUTORY DEMAND

(Debt for liquidated sum payable immediatley following a judgement or order of the court)

To: GEORGE JAMES otherwise known as GEORGE GOODEY

TAKE NOTICE that a statutory demand has been issued by

Name of Creditor: PATRICIA GREEN trading as FITZROY ESTATES
Address: 40a High Street, Hampstead, London NW3

The Creditor demands payment of £8,671.24 the amount now due on a judgement of the High Court of Justice Queen's Bench Division dated 11th day of December 1987.

The statutory demand is an important document and it is deemed to have been served on you on the date of the first appearance of this advertisement. You must deal with this demand within 21 days of the service upon you or could be made bankrupt and your property and goods taken away from you. If you are in any doubt as to your position you should seek advice immdiately from a solicitor or your nearest Citizens' Advice Bureau.

The Statutory demand can be obtained or is available for inspection and collection from:

Name: R. SORZANO
Address: A.KRAMER & CO
40 Portland Place, London W1N 4BA
Solicitor for the Creditor
Tel No 01-580 8161
Ref: RS/BB

You have only 21 days from the date of the first appearance of this advertisement before the creditor may present a bankruptcy petition.

Announcements

We are pleased to announce that effective 28th March 1988 the United Kingdom and Eire General Agency for the Container Service of China Ocean Shipping Company will be changed

from: China Shipping Agents Ltd
to: COS-HO Shipping Agencies Limited,
10 Albert Embankment,
London SE1 7TG

Tel: 01-735 7707 (30 lines)
Tlx: 914601, 914602 - COS-HO G
Telefax: 01-735-5965

The breakbulk agency for China Ocean Shipping Company will be handled by Escombe Lambert Ltd.

China Ocean Shipping Company,
Beijing,
China

Art Galleries

MEDICI GALLERIES, 7 Grafton St., Bond St., W1. 629 5675. Exhibition of Recent Paintings by ROBERT KING. 19 Feb to 10 March. Mon-Fri 9-5.30

RICHARD GREEN, 39 Dover Street, W1 493 3939 "GOOD COMPANIONS" Paintings of Dogs and Cats Mon-Fri 10-6, Sats 10-4 Opens February 10

Personal

TAX EFFICIENT FREEHOLD PROPERTY INVESTMENTS

100% TAX ALLOWANCE

New freehold industrial units in the better enterprise zones. Guaranteed rental income. Initial pre-tax yield 7⅛%. Initial yield after tax of up to 18%. Individual units from 5,000 sq ft to 41,000 sq ft.

هكذا من الأصل

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 440	72	8	7	22.50	1	32	$ 446.40
GOLD C	$ 460	2	0.10	20	13.50	7	21	$ 446.40
GOLD P	$ 420	-	-	33	6	33	9	$ 446.40
		Mch. 88		Jun. 88		Sep. 88		
SILVER C	$ 700	15	11	-	-	3	50	$ 644
SILVER P	$ 550	-	-	20	15	-	-	$ 644
SILVER P	$ 600	-	-	20	20	-	-	$ 644
		Feb. 88		Mch. 88		Apr. 88		
EOE Index C	Fl. 165	5	25 A	20	25	-	-	Fl. 190.32
EOE Index C	Fl. 170	239	19.60	10	19	13	21	Fl. 190.32
EOE Index C	Fl. 175	88	14.50	9	16	-	-	Fl. 190.32
EOE Index C	Fl. 180	495	9.50	94	12.20	2	14	Fl. 190.32
EOE Index C	Fl. 185	946	4.90	80	9	10	10.70	Fl. 190.32
EOE Index C	Fl. 190	-	-	111	5.80	8	8.10	Fl. 190.32
EOE Index C	Fl. 195	-	-	450	3.70	10	5.50	Fl. 190.32
EOE Index P	Fl. 165	-	-	20	0.70	8	1.70	Fl. 190.32
EOE Index P	Fl. 170	-	-	29	1.20	5	3	Fl. 190.32
EOE Index P	Fl. 175	-	-	44	2.30	10	4	Fl. 190.32
EOE Index P	Fl. 180	-	-	71	3.30	20	5.30	Fl. 190.32
EOE Index P	Fl. 185	121	0.60	129	5	79	7	Fl. 190.32
EOE Index P	Fl. 190	-	-	29	7	-	-	Fl. 190.32
S/FI C	Fl. 185	3	7.30	29	7	-	-	Fl. 191.80
S/FI C	Fl. 190	51	2	558	3.40 B	11	4.30	Fl. 191.80
S/FI C	Fl. 195	-	-	570	1.50	15	2.10	Fl. 191.80
S/FI C	Fl. 205	-	-	20	0.20	-	-	Fl. 191.80
S/FI P	Fl. 185	-	-	901	0.60 B	-	-	Fl. 191.80
S/FI P	Fl. 190	280	0.10	1003	2.20	5	3.25	Fl. 191.80
S/FI P	Fl. 195	-	-	20	4.90 A	-	-	Fl. 191.80
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	749	1.90	158	2.80	100	3.30	Fl. 40.10
ABN P	Fl. 40	120	1.70	26	3.40	41	4.20	Fl. 40.10
AEGON C	Fl. 65	119	4.40	67	5.30	-	-	Fl. 68
AEGON P	Fl. 60	20	0.80	1	2	-	-	Fl. 68
AHOLD C	Fl. 75	61	3	5	5 A	1	6.20	Fl. 74
AHOLD P	Fl. 70	21	2.40	3	3.60	-	-	Fl. 74
AKZO C	Fl. 100	408	3.20	347	5.30	111	7.10	Fl. 96.30
AKZO P	Fl. 80	14	0.70	186	2.40	26	4.30	Fl. 96.30
AMEV C	Fl. 40	135	5.70 B	6	5.70	101	7	Fl. 45.20
AMEV P	Fl. 40	13	0.70	-	-	-	-	Fl. 45.20
AMRO C	Fl. 65	64	1.10	169	1.80	5	2.70	Fl. 61.60
AMRO P	Fl. 65	-	-	44	6	-	-	Fl. 61.60
ELSEVIER C	Fl. 45	261	3.60	12	5.30 B	10	7	Fl. 47.70
ELSEVIER P	Fl. 45	135	1.30	1	3 A	-	-	Fl. 47.70
GIST-BROC. C	Fl. 30	108	1.80	25	2.90	13	3.50	Fl. 29.90
GIST-BROC. P	Fl. 27.50	100	1	29	2.40	-	-	Fl. 29.90
HEINEKEN C	Fl. 130	78	3 A	2	6.50	24	8	Fl. 121.30
HOOGOVENS C	Fl. 30	231	1.50	194	2.50	22	3.80	Fl. 28.60
HOOGOVENS P	Fl. 30	-	-	116	3.50	10	4.50	Fl. 28.60
KLM C	Fl. 35	917	1.10	442	2.50	126	2.90	Fl. 33.20
KLM P	Fl. 30	155	0.70	59	1.50	5	2.50	Fl. 33.20
NEDLLOYD C	Fl. 190	217	13	53	19	-	-	Fl. 187.30
NEDLLOYD P	Fl. 180	81	12.50	-	-	-	-	Fl. 187.30
NAT.NED. C	Fl. 55	562	3.40	61	4.20	10	5.30	Fl. 56.90
NAT.NED. P	Fl. 50	57	0.50	4	2	6	2.20	Fl. 56.90
PHILIPS C	Fl. 27.50	892	1.80	65	2.30	63	3.10	Fl. 28.20
PHILIPS P	Fl. 25	415	0.70	50	1.40	29	1.90 A	Fl. 28.20
ROYAL DUTCH C	Fl. 210	347	10.20	171	11.80	-	-	Fl. 216.20
ROYAL DUTCH P	Fl. 210	157	3.90	142	10.40 A	1	14	Fl. 216.20
ROBECO C	Fl. 90	105	1.50	7	2	-	-	Fl. 86.90
UNILEVER C	Fl. 120	571	2.20	102	4.60 B	7	6.60	Fl. 113.70
UNILEVER P	Fl. 110	69	3.40	19	7	4	8.80	Fl. 113.70

TOTAL VOLUME IN CONTRACTS : 33,571

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clysedale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Cred	9	PK Finans. Intl(UK)	9½
Amro Bank	9	Co-operative Bank	*9	Provincial Bank PLC	10
Henry Ansbacher	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
ANZ Banking Group	9	Dunbar Bank PLC	9	Roxburghe G'rantee	9½
Associates Cap Corp	10	Duncan Lawrie	9	Royal Bk of Scotland	9
Authority Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
B & C Merchant Bank	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Leumi (UK)	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	‡10.2
Bank Credit & Comm	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Cyprus	9	Girobank	9	United Mizrahi Bank	9
Bank of Ireland	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of India	9	● Guinness Mahon	9	Western Trust	9
Bank of Scotland	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Barclays Bank	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Benchmark Bank PLC	9	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj Bank Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
● Charterhouse Bank	9	Mount Banq Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 4.00%. Mortgage 10% - 10.25%

FT CROSSWORD No.6,559

SET BY GRIFFIN

ACROSS

1 Send for the whole half day (6)
4 Redhead always close to clergyman (8)
10 Reserved unusually staic books (7)
11 Schoolboy rude to Annie (7)
12 Learning Latin or English (4)
13 They'll decide when they cross (10)
15 "Mid-morning Bible-bashing" is a mouthful! (6)
16 For bad sprain swallowing one tablet (7)
20 When semi-nude be evasive for protection (7)
21 Sanity is the key when Reagan is around! (6)
24 Bookseller, about 50, to procure novel (10)
26 Stake for backing famous mount (4)
28 Poor setter having nothing in his favour? (7)
29 Keep secret fuel outside northern church (7)
30 Separate salesmen reverse into side turning (8)
31 See cathedral city around five – it's beautiful (6)

DOWN

1 Face conductor with subsidiary job (8)
2 Skinflint skilful but unhappy (9)
3 Look up when artist comes in for test (4)
5 Mounted soldiers cut out outside drill (8)
6 Reduced expenses on comedies being rewritten (10)
7 Samuel's teacher returned street map to girl (6)
8 Comes back looking angry about pub meal (6)
9 Street-Porter's flat (5)
14 Policeman depressed by excessive drinking (10)
17 Hypocritical offence against church in troubled Erin (9)
18 Actress replaced model in broadcasts (8)
19 It could be felt it's less than amateur (6)
22 Skinhead minded being frightened (6)
23 Die with honour after a play on words (5)
25 Girl said "tea in that remains fresh" (5)
27 A French door, half open (4)

Solution to Puzzle No.6,558

C	R	O	M	L	E	C	H		S	A	N	D	A	L
O		R		A		O				P		E		A
H	A	N	D	S	O	M	E		S	P	A	T	O	N
E		A		S		M				L		O		D
R	E	T	A	I	L	E	D		V	E	R	N	A	L
E		E		E		N		L		P		A		O
						A	D	M	I	N	I	S	T	E	R
A		B		C		I		P		E		E		O
S	T	A	T	I	O	N	A	R	Y					
P		R		N		G		E		H		H		S
H	O	G	G	E	T		L	A	C	E	R	A	T	E
O		A		A				D		D		R		V
D	R	I	E	S	T		R	E	L	E	G	A	T	E
E		N		T				R		R		S		R
L	A	S	H	E	D		A	S	S	A	S	S	I	N

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 6905/4/5

Scimitar Global Gth Ac	27.0	28.8	+0.4	—
Do. Income	26.3	28.6	+0.4	0.39
Scimitar European Acc	19.9	21.2	—	—
Do. Income	19.9	21.2xd	—	0.11
Scimitar UK Eq Inc Acc	35.2	37.1	-0.1	—
Do. Income	32.9	34.7xd	—	5.55
UK Cap Gth Acc	22.2	23.4	—	0.75
Scimitar Pac Basin Acc	28.7	30.6	—	—
Scimitar Mangd Exempt*	136.7	142.4xd	+0.9	—

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1051

Inital Income Units	126.8	134.9	—	3.50
Inital Accum Units	194.0	206.4	—	3.50
UK General Acc	36.6	39.1	+0.2	5.36
UK General Inc.	35.2	37.6	+0.1	2.38
American	26.7	28.8	+0.1	2.15
European	34.7	37.1	+0.1	1.26
Japan	56.7	60.6	+0.2	0.09
Technology	34.1	36.5	+0.2	2.29
Performance Trusts				
Far East Perf Tst	17.5	18.7	+0.1	2.00
High Inc Perf Tst Inc	22.9	24.5	—	5.36
High Inc Perf Tst Acc	23.4	25.0	—	5.36
Worldwide Tech Perf Tst	27.3	29.2	+0.3	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	202.1	216.2	+0.8	2.70
Columbus (US)	130.9	140.0	+0.9	1.34
Marco Polo (Pac)	207.8	222.3	+0.3	0.35
Da Vinci (Eur)	219.3	234.5	+1.7	1.70
Drake (Wd)	51.1	54.7	+0.4	2.54

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	196.4	209.0	+0.6	2.89
UK Smlr. Cos. Equity	202.0	214.9	+0.6	2.08
UK Special Situations	57.8	61.6	+0.3	3.26
Income Plus	50.7	54.0	—	5.50
European	154.3	164.3	+0.2	1.81
Far Eastern	48.6	51.8	+0.5	2.65
Japanese †	53.5	57.0	+0.1	—
North American	112.4	119.6	+0.7	1.49
International Growth	106.5	113.3	+0.6	1.9[illegible]

[illegible]

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-686 4355

TUUT Feb 1	213.5	224.8	—	3.18

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	141.2	151.4	+0.2	1.63

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 5399

Convertible & General	58.4	62.0xd	+0.1	6.42
Accum Units	59.5	63.1	—	—
Income	78.5	83.2	+0.1	5.16
Accum Units	78.5	83.2	+0.1	—
Smaller Co's	82.9	88.6xd	-0.6	1.85
Accum Units	82.8	89.6	-0.6	—
UK Growth	85.6	90.8	—	2.88
Accum Units	85.6	90.8	—	—
Pacific Gold Tst Acc	47.6	50.5	—	—

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	55.2	58.8	-0.3	1.82
Technical Analysis Fd	48.5	51.6	—	3.52

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	171.3	182.2	—	1.66
Friars Hse Inc Fd	149.0	158.8	—	3.95

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	165.8	176.3	+0.5	4.60

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glenistars	178.2	189.6	—	1.54
(Accum Units)	181.7	193.3	—	—
Far East & Gen.	53.4	56.8	+0.1	—
(Accum Units)	53.4	56.8	+0.1	—
Master Portfolio	64.608	66.765xd	+0.022	3.13
(Accum Units)	66.398	68.101	+0.022	—
American & Gen.	56.8	60.4	+0.1	2.06
(Accum Units)	57.5	61.2	—	—
Growth	206.4	219.6	+0.7	2.10
(Accum Units)	309.5	329.3	+0.9	—

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assoc.	365.4	384.7	—	—
Eb'r Ph. Eq.	334.1	356.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	158.8	167.1	+0.7	—
International Acc.	126.0	132.6	-0.1	—
Property Acc.	123.3	129.7	—	—
Fixed Interest Acc.	150.8	158.7	+0.6	—
Money Acc.	136.3	143.4	—	—
Bldg. Soc. Link Acc.	133.3	140.3	+0.1	—
Special Mngd. Acc.(1)	142.3	149.7	+0.3	—
Phoenix/Framlington				
Mgd. Growth Acc.	84.9	89.3	+0.3	—
Amer. & Gen. Acc.	78.8	82.9	+0.2	—
Capital Tst. Acc.	168.3	177.1	+0.5	—
Japan & Gen Acc.	179.8	189.2	+1.4	—
American Turn. Acc.	79.4	83.5	+0.3	—
Recovery Tst. Acc.	160.4	168.8	+1.1	—
Special Mngd Acc.	138.6	145.8	+0.6	—
Phoenix/GT				
International Acc.	121.0	127.3	+0.3	—
US & General Acc.	89.3	93.9	+0.1	—
Amer Spec. Sits Acc.	62.0	65.2	+0.1	—
Japan & General Acc.	171.6	180.6	+0.6	—
Far East & Gen. Acc.	136.3	143.4	+1.3	—
UK Capital Acc.	166.0	174.7	-0.6	—
European Acc.	133.2	140.2	+0.9	—
Special Mngt. Acc.	122.1	128.5	—	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	258.3	271.9	+2.9	—
Man Pens Inc & Cap Fds	327.1	344.4	+5.0	—
Money Fund	111.3	117.2	+0.1	—
Pens. Mngd Fd (Init)	79.3	83.5	+0.3	—
Pens Mngd Fd (Acc)	89.0	93.7	+0.5	—
Pens FT30 Fd (Init)	123.7	130.3	+2.8	—
Pens FT30 Fd (Acc)	138.7	146.0	+3.2	—
Pens O'seas MgFd(Init)	54.7	57.6	+2.1	—
Pens O'seas MgFd(Acc)	61.4	64.7	+2.9	—
Pens Fxd Int Fd (Init)	106.9	112.6	+0.3	—
Pens Fxd Int Fd (Acc)	119.9	126.3	+0.6	—
Pens Deposit Fd (Init)	100.8	106.2	+0.2	—
Pens Deposit Fd (Acc)	113.0	117.0	+0.1	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	85.0	90.0	+0.1	—
Building Soc. Fd.	158.0	167.0	—	—
Balanced	227.0	239.0	+0.1	—
Deposit	158.0	167.0	—	—
European	117.0	124.0	+0.1	—
GT Managed	145.0	153.0	—	—
Gartmore Mngd	95.0	100.0	—	—
German	95.0	100.0	+0.2	—
Gilt	162.0	171.0	+0.1	—
High Inc.	111.0	117.0	—	—
International Equity	147.0	155.0	[illegible]	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prudence

Managed Feb 10	191.0	199.0	—	—

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	424.3	446.7	+1.3	—
Equity Fd	858.2	903.4	+2.8	—
Inst. Fd.	299.5	315.3	+1.3	—
Fixed Int. Fd.	358.0	376.9	+1.6	—
Prop. Fd.	302.8	318.8	—	—
Cash Fd.	233.8	246.2	—	—
Pacific Basin Fd.	163.7	172.4	—	—
North American Fd.	122.4	128.9	+1.3	—
European Fd.	129.8	136.7	+0.8	—
Holborn Balanced Gwth Fd	96.4	101.5	+0.6	—
Holborn Strategic Gwth Fd	95.5	100.6	—	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	451.3	475.1	+1.3	—
Equity	637.9	671.5	+2.5	—
Global Equity	188.9	198.9	+0.6	—
Fixed Interest	365.2	384.4	+1.6	—
Property	302.7	318.7	—	—
Cash	137.5	144.8	—	—
Index Linked Gilt	162.5	170.0	-0.1	—
Guaranteed	9.06	9.81	—	—
International Money	187.7	197.6	-0.2	—
North American Fd	54.2	57.1	+0.7	—
Japanese Fund	118.0	124.3	+0.1	—
European Fund	69.6	73.3	+0.4	—
Special Situations Fd	92.6	97.5	+0.4	—
Communications Fund	76.4	80.5	+0.1	—
Smaller Cos Fund	92.0	96.9	+0.2	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretionary Feb 10	£118.77	122.23	—	—
Equity Fund Feb 10	£126.22	130.05	—	—
Intntl Fund Feb 10	£19.95	20.55	—	—
Intl Bond Fd Feb 10	£10.95	11.11	—	—
Fixed Int Feb 10	£65.64	66.90	—	—
Index Linked Feb 10	£50.98	51.79	—	—
Property Fund Feb 10	£78.07	82.73	—	—
Cash Fund Feb 17	£18.1638	18.1638	—	—
Pru-Linked Retirement Plan				
Managed Fd Feb 17	305.2	318.0	+5.4	—
Cash Fund Feb 3	172.5	179.7	+0.1	—
Prudential Pensions Investment Account				
Pens Man Fd Feb 17	125.3	131.9	+0.3	—
Pens UK Eq Fd Feb 17	224.6	236.5	+0.3	—
Pens Nl Fd Feb 17	147.0	154.8	+0.1	—
Pens Fxd Feb 17	150.6	158.6	+0.9	—
Pens Index Lk Feb 17	126.3	133.0	-0.1	—
Pens Cash Fd Feb 17	112.9	118.9	+0.1	—

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assce. (Life & Pension)

Save & Prosper Group (z)

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co. Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

UK Provident

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99⅝	Exch 10½pc '88	100¼	—	10.47	9.16
101⅛	98⅝	Treas 9¾pc Cv '88	100⅜	+⅛	9.74	9.24
98⅝	93½	Transport 3pc '78–88	98⅝	+⅛	3.04	6.91
101⅝	98½	Treas. 9½pc '88	100⅛	+⅛	9.49	9.33
105¾	101½	Treas 11½pc 1989	101¾xd	+⅛	11.28	9.42
102½	97⅛	Treas 9½pc Cnv 1989	100¼	+⅛	9.49	9.38
96⅛	89⅛	Treas 3pc 1989	95⅝	+⅛	3.13	6.57
104⅝	99¼	Treas 10½pc 1989	101⅛	+⅛	10.38	9.49
103¼	98½	Exch 10pc 1989	100⅝	+⅛	9.94	9.58
105¾	100¼	Exch 11pc 1989	102⅛	+⅛	10.79	9.62
96⅛	89½	Treas 5pc 1986–89	95⅝	+⅛	5.22	7.70
108½	99⅝	Exch 10¼pcCv '89	102⅜	+⅛	10.02	8.74
111⅛	104⅜	Treas 13pc 1990‡‡	106⅛	+⅛	12.28	9.52
106½	100⅜	Exch 11pc 1990‡‡	102⅝	+⅛	10.73	9.57
110½	103⅝	Exch. 12½pc 1990	105⅝xd	+⅛	11.86	9.59
92⅝	84½	Treas. 3pc 1990	91⅝	+⅛	3.27	7.10
100⅛	93⅝	Treas 8¼pc 1987–90‡‡	98⅜	—	8.37	8.93
101⅛	93	Treas. 8pc Cv 1990	99⅝	+⅛	8.07	8.40
105	97½	Treas. 10pcCv 1990	101⅛	+⅛	9.88	9.45
91½	81¼	Exch 2½pc 1990	88⅝	—	2.81	6.93
110¼	102⅝	Treas 11¾pc 1991	105⅝	+⅛	11.16	9.59
95¼	87¼	Funding 5¾pc '87–91‡‡	92⅝	—	6.20	8.40
90¼	80¼	Treas. 3pc 1991	87⅝	−⅛	3.41	7.22
110⅝	98½	Treas 10pc Cv '91 ‡‡	102⅝	+⅛	9.75	9.11
109⅝	101⅛	Exch. 11pc 1991	104⅛	+⅛	10.55	9.57
99	91⅛	Treas. 8pc 1991	95⅛	+⅛	8.36	9.36
116⅛	107⅛	Treas 12¾pc 1992‡‡	110⅛	+⅛	11.58	9.60
106⅛	97⅛	Treas 10pc 1992	101⅛xd	+⅛	9.87	9.60
99½	90⅛	Treas. 8pc 1992 ‡‡	95¼	+⅛	8.40	9.41
108⅛	99½	Treas 10½pc Cv 1992‡‡	103⅛	+⅛	10.19	9.61
86⅞	79⅛	Treas. 3pc 1992	83⅝	+⅛	3.58	7.48
115⅞	105⅛	Exch. 12¼pc '92	109⅛xd	+⅛	11.21	9.66
121⅛	110⅛	Exch 13½pc 1992	114¼xd	+⅛	11.82	9.59

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS – Contd

Undated

[illegible]

Index–Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON SHARE SERVICE

Financial Times Thursday February 18 1988

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corpn $5	24⅝	-¼	$1.20	–	2.7
18⅞	8¾	Rockwell Intl. $1	18⅞	-¼	72c	–	3.8
30½	16¼	Sara Lee $1(1/3)	22⅞	-⅛	$1.20	–	2.9
11⅝	8½	Saul (B. F.) $1	18¼		20c	–	1.1
27½	21¼	Southwestern Bell $1	21¾	-¼	$2.32	–	5.8
22¼	994p	Staley Continental	13⅛	+⅛	80c	–	3.3
44⅝	21⅜	Sun Co. Inc. $1	31⅞	-¼	$3.00	–	5.2
42¼	22⅝	TRW Inc. $0.625	27⅜	-⅛	b$1.60	–	3.2
37⅜	21	Tenneco $5	22⅝	+⅛	$3.04	–	7.3
220	149½	Do. 10pcLn.Stk. 91-5	155		10%	–	14.7
29⅝	15⅞	Texaco $6.25	22⅝	+¼	$3.00	–	7.3
74½	36⅞	Time Inc. $1	51¼	+⅛	$1.00	–	1.1
30¼	15	Transamerica $1	19½	+⅛	$1.84	–	5.2
14⅝	1¼	Transworld Corp $5	969p		20c	–	1.1
27¼	12¼	TRINOVA Corp.	17⅜	-⅜	56c	–	1.8
24⅛	12⅝	USX $1	17⅜	+⅛	$1.20	–	3.7
37⅞	16⅜	Utd. Technologies	21½		$1.40	–	3.6
38⅝	25⅞	US West	31	+¼	$3.28	–	5.8
30½	17⅛	Waste Management $1	20	-⅛	36c	–	1.0
31⅜	11⅝	Whirlpool $1.0	16		–	–	–
37⅛	16½	Woolworth $3½	25¼	+1⅛	$1.32	–	2.9

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

صكذا من الاصل

LONDON SHARE SERVICE

INSURANCES – Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*375	164	Sedgwick Group 10p	218	+3	12.0	1.7	7.5	9.3
339	138	Steel Burrill J. 10p	174	—	19.0	2.0	7.1	9.7
612	305	Stenge Hldgs 20p	425	+1	8.5	2.4	2.7	21.2
[illegible]	645	Sun Alliance	[illegible]	+3	†23.5	–	3.9	–
813	365	Sun Life 5p	[illegible]		†20.5	–	3.8	–
[illegible]	[illegible]	Taisho M EDR	[illegible]	–1	[illegible]	–	0.8	–
[illegible]	[illegible]	Torchmark $1.00	[illegible]	[illegible]	[illegible]	–	3.4	–
410	235	Trade Indemnity	360	—	14.3	–	1.4	–
[illegible]	[illegible]	Travelers $1.25	[illegible]	[illegible]	$2.40	–	4.0	–
[illegible]	[illegible]	USF & G Corp $2.50	[illegible]		[illegible]	–	7.3	–
[illegible]	[illegible]	USLIFE Corp $1.0	[illegible]	[illegible]	[illegible]	3.2	3.5	8.9
736	505	Wind Friendly B 10p	545	—	21.0	–	5.3	–
465	192	Willis Faber 12½p	226	—	†10.75	2.4	6.5	8.6
128	41	Windsor Secs. 10p	55	—	0.8	♦	2.0	♦

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
82	41	Kemp (P.E.) 5p	50	—	–	–	–	–
133	56	Leading Leisure 5p	84	–1	0.9	3.1	1.5	24.3
95	45	Lynx Tech. 5p	45	–5	b–	–	–	5.2
133	95	M.L. Laboratories 1p	132	+2	–	–	–	–
180	87	Medirace 10p	118	–2	–	–	–	–
38	23	Norton Group 5p	28	–2	–	–	–	–
98	38	Owoca Gold IR 2p	40	—	–	–	–	–
48	36	Propeller 1p	36	—	W–	–	–	11.3
*82	13	Publishing Hldgs 5p	13xr	–1	–	–	–	7.8
128	70	Seacon Hldgs	70	—	–	–	–	10.6
27	18	Stats Hldgs. 5p	25	—	–	–	–	63.9
4½	3	Swanyard Studios 1p	3	–¼	–	–	–	17.1
87	38	Theme Holdings	47	–1	1.0	1.9	2.9	25.2
36	28	Tomorrows Leisure 20p	30	—	–	–	–	12.0
210	125	UPL Group 10p	125	–5	L2.41	2.8	2.6	18.7
140	103	Unit Group	140	—	R4.6	2.5	4.5	(10.0)
85	85	Video Tape Recording 5p	85	—	L2.3	2.3	3.7	12.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ╪ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ▮ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	67	
Craig & Rose £1	663	+13
Finlay Pkg. 5p	77	
Holt (Jos) 25p	£11½	

For IOM Steam see Shipping

IRISH

Fund 11¼% 1988	£100⅜	
Nat. 9¾% 84/89	£100⅜	
Fin. 13% 97/02	£114½	
Arnotts	301	
CPI Hldgs	81	+1
Carroll Inds	153	–3
Hall (R. & H.)	108	
Heiton Hldgs	45	
Irish Ropes	123	
Unidare	385	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	24
Cadburys	25
Charter Cons	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen	30
Lex Service	35
Lloyds Bank	28
Lucas Inds	62
Marks & Spencer	20
Midland Bk	55
Morgan Grenfell	35
NEI	10
Nat West Bk	68
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35
Rank Org Ord	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	28
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	40
Oils	
Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 8	Feb 18	Feb 19	Feb 29
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28

*New time dealings may take place from 9.00 am two business days earlier.

Gilt-edged and equities in better form as markets await bank lending figures

THE UK GOVERNMENT bond sector took heart yesterday after favourable City reviews of the PSBR figures rallied confidence ahead of today's announcement of the UK money supply and bank lending totals for January. Although many trading houses raised their estimates of last month's bank lending figure to between £5bn and £6bn, the bond market appeared convinced that not even such record monthly totals would imply increased upward pressure on UK interest rates.

Gilt-edged securities pushed ahead by more than half a point at the longer end, and equities, helped also by a firm performance from Wall Street overnight, moved ahead in slightly improved turnover.

Securities markets took a fairly relaxed view of the new terms offered by Ford Motor to its workforce, now in its second week of strike, noting that the balance of concessions has been towards the duration of the deal and on working practices, rather than the cash element.

The recovery in equities was fairly muted. Turnover, at 374.9m shares through the Seaq system, was the best this week, but still modest by last year's standards.

The FT-SE 100 Index closed 13.5 up at 1748.1, after briefly clearing the 1750 mark which only recently indicated the lower end of a trading range. Institutional interest remained thin, and traders trimmed their books towards the close in prospect of the announcement today of profits statements from a number of major companies.

ICI, with trading results due next week, moved up sharply in good turnover. Others to attract interest as the market awaited trading news included **British Petroleum** and **Plessey**. But bank issues traded quietly, with traders uncertain ahead of the profits news today from **Midland**, which leads off the sector's results season.

Government bonds opened ¼ up and enjoyed a good morning's trading. Some intstitutional money went into the long and medium dated issues, where stock is now a little short. Short-dated issues put on ⅛ or so, although sellers as well as buyers were seen here. Index-linked issues edged higher, responding to the strength of conventional Gilts rather than to inflation concerns. But gains in IL stocks were small, and existing tap stock levels were not challenged.

At mid-session, the bond market quietened down to wait for the UK money supply and bank lending statistics, due at 11.30am today. Phillips & Drew, the London securities house, increased its forecast for January bank lending from £4bn to £6bn, echoing a rise in the market's median forecast to just under £5bn. Chase Manhattan Securities held its forecast at £3½bn, and Warburg Securities at £5bn.

The market's perception is that even a substantial increase on the record December bank lending total of £4.9bn will be tolerable, in part because of tax payments and other distorting factors in January. "Anything between £5bn and £5½bn will mean an immediate dip in the market, probably followed by a recovery", summed up one leading trader.

ICI attracted good support and rose ¼ to £10¾ on a turnover of 2.3m shares after Mr. Stewart Wamsley, chemical analyst at securities house Morgan Stanley, reiterated his positive view of the stock in a note to investors. Mr. Wamsley expects further profits growth in 1988 stretching into 1989 and considers the stock grossly undervalued. ICI's preliminary results are due next Thursday.

Ultramar continued to hold centre–stage in a busy oil sector, with the shares aggressively bought up to 278p prior to closing a net 12 up at 276p amid numerous stories surrounding the buyer of the parcel of 5.7m shares traded on Tuesday. Turnover in Ultramar yesterday totalled 4.6m.

There were numerous names put forward as potential purchases of the shares –including Sir Ron Brierley, who already holds a near 13 per cent stake and Premier Consolidated who recently sold their stake in Tricentrol for a substantial profit.

BP attracted a turnover of 6.5m in the "old" and 10m in the "new" with the Kuwaitis said by dealers to have been back in the market early yesterday and thought to have picked up in excess of 3m of the "new". The latter were finally a penny easier at 74p. Bid talk boosted **Burmah** 9 to 489p while **Enterprise** added 8 to 293p awaiting drilling news.

Plessey remained very active in a generally busy electronics sector and closed 3 off at 147p with more than 16m shares traded through the Seaq system. Turnover included a single deal of 3m, another of 1.7m and a couple of 1m apiece, in front of today's third quarter results. Analysts' forecasts for the third quarter range from around £32m to £37m.

The fall in the shares was attributed to worries about the proposed merger of the group's telecoms business with that of GEC, and to a lesser degree to the absence of any confirmation of recent bid rumours. Market stories that a share stake was being accumulated were rejected by some specialists. Worries over the telecoms merger were regarded as overdone by analysts at Chase Manhattan Securities.

Grand Metropolitan, the major UK hotels and leisure group, attracted good support and rose 8 to 470p following the announcement of a £150m pension fund surplus; as a result of the surplus, Grand Met has been paying reduced pension contributions since October 1985 and this will continue to cut costs until the turn of the century.

The market is also eagerly awaiting news of the proposed sale of some 700 tenanted pubs, (approximately 12 per cent of the company's pub outlets). Discussions are underway with several brewing and leisure groups and are at an advanced stage. A company presentation involving Grand Met's wines and spirits division is scheduled for today.

Ladbroke emerged from a period in the doldrums, the price spurting 9 to 364p.

Birmid Qualcast dealings were temporarily suspended at 378p as Blue Circle's (BCI) cliff- hanging bid for the equity appeared to hit last minute problems.

Blue Circle claimed victory last Saturday following acceptances of just 50.01 per cent, but has agreed, following discussions with the Takeover Panel, to instigate a full review of the announced acceptances. Additional verification and rulings by the Takeover Panel will be required before a further statement can be made.

The debut of **National Home Loans** new 7½ per cent net convertible preference stock augered well for the ordinary shares, which rose 8 to 140p yesterday. County NatWest, the securities house, advised clients that, "with gilts yielding around 10 per cent, the convertible should find buyers among the income funds as an alternative to gilts. However, the shares yield a heady 5.8 per cent, and funds seeking a more direct equity exposure may choose to switch into the shares and bank the premium".

Among scattered features in banks was **Standard Chartered** which remained unsettled by the apparent lack of enthusiasm for the price it obtained for the £428m sale of US subsidiary Union Bank. Standard shares dipped 8 more to 508p.

The "big four" banks were content to await Midland's preliminary figures which are expected by most of the leading securities houses to show "ex –provision" losses in excess of £400m. But NatWest managed a 4 gain at 558p.

Insurance shares were generally a shade firmer where changed, but business was said to have been extremely thin.

Pearl Group edged up 3 to 447p after Larry Adler's FAI revealed it had increased its stake to 6.46 per cent or 11.63m shares.

Commercial Union were persistently sold and settled 3 cheaper at 317p ahead of preliminary figures expected on March 2.

Guinness improved as business developed following activity in the traded options market but the shares closed a mere 3 better at 276p. Other Brewery leaders missed out of the general advance with **Bass** restrained by the appearance of a sizeable potential seller. **Scottish & Newcastle** recovered a few pence while **Greenall Whitley** jumped late to end 6 dearer at 185p. **Irish Distillers** surged higher, being wanted by home-based investors. The demand touched off small London inquiry ahead of the annual meeting, scheduled for February 26, and the shares ended 10 up at 205p.

Marketmakers in Building shares reported increased turnover, but price movements were relatively modest. **Tarmac**, in which some 3.3m shares changed hands, rose 9 to 230p, while **Redland** added 3 to 399p as 1.3m shares went through the seaqsystem. **Blue Circle**, 2m traded on the Birmid Qualcast situation, eased to 418p initially, but later recovered to close a penny dearer on balance at 421p. **Meyer International** added a couple of pence to 367p following a broker's visit to the company, but **Magnet** continued to ease in the absence of any bid developments to close 2 cheaper at 239p. In the Construction sector, **George Wimpey** attracted revived demand at 243p, up 7, while **Walter Lawrence** gained 10 to 137p on speculative buying. **Fairbriar** made fresh progress in a restricted market to close 12 up at 305p, a two-day rise of 22.

Laporte picked up 11 at 389p, while old takeover favourite **Foseco** put on 12 to 219p.

Leading retailers posted substantial gains across the board as a number of sizeable institutional buying orders uncovered a bear squeeze. WH Smith "A". led the sector higher and jumped 13 to 298p after market talk that at least two leading securities houses had issued buy recommendations for the stock. Other newsagents followed on with **John Menzies** finally 18 to the good at 384p and **Alfred Preedy** 7 firmer at 139p.

Marks and Spencer, 3½ up at 175½p, benefitted from switching and a "buy" recommendation from BZW, while County NatWest are believed to be about to add Marks and Spencer to their buy list.The deal with M & S helped Fine Art Developments move up 4 to 243p.

Hogg Robinson Travel featured with a 13 rise to 272p after British Airways revealed they had increased their stake in the group to 9.7 per cent but had no present intention of bidding for the rest of the shares; Airways' stake was believed to have been bought from TSB who made an unsuccessful bid for Hogg Robinson last year.

Cable & Wireless added 6 at 345p on a turnover of 4.2m with buyers chasing the stock ahead of the forthcoming analysts visit to the group's Hong Kong operations. Also active were **British Telecom** with 9m shares traded.

GKN hardened 3 more to 312p, sentiment still being helped by growing hopes of a settlement of the Ford Motor industrial dispute.

Boots were briskly traded (some 4.9m shares changed hands) but much of the business represented switching into Marks and Spencer. As a result, the Boots share price, only a penny better at 229p, failed to participate in the marked turnround in the Store sector.

Activity in the major internationals expanded a little, but still left a lot to be desired. **Beecham**, assisted by a UBS Phillips and Drew recommendation, improved 6 to 463p in a volume of some 2.2m shares. **BTR**, a similar amount dearer at 262p, continued to edge higher; last year the preliminary figures were announced on 11 March. Elsewhere, **Rank Organisation** were outstanding at 640p, up 15, in the wake of the announcement of a new line of copiers by Rank Xerox. **British Airways'** third quarter figures pleased the market and the shares (2.6m traded) closed 3½ higher at 159p. **British Aerospace**, helped by the Canadian order for BAE 146-200 Regional Jetliners, firmed a few pence to 360p but **AAH**, still reflecting competition worries, gave up 7 more to 278p. **Reuters**, a US favourite, firmed 3 to 491p while expansion hopes helped **Walker Greenbank** improve 5 to 104p.

The brighter prospects for a return to work this weekend at Ford Motor stimulated demand for selected component and distributor groups. **Lucas Industries** figured prominently with a rise of 11 to 610p while **T. Cowie** gained 4 to 117p and **Jessups** put on 5 to 155p. **Perry** raced forward in thin trading to close 25 higher at 215p. Encouraging press reports, one of which dredged up old stories of takeover possibilities, made little impact on **Armstrong Equipment**, at 139p; the group's interim results will be announced on March 14, and not on Friday as mentioned here yesterday.

Adscene, the Southern-based freesheet publisher, performed strongly after revealing an agreed offer for regional newspaper concern, the Lincolnshire Standard Group (LSG). The terms of convertible preference shares, loan notes or cash to the value of £8 per LSG share have been been accepted by directors and shareholders owing around 55 per cent of the equity capital. Adscene shares responded to close 7 up at 103p. **Independent Newspapers** were another good feature, rising 30 to 380p on news of sharply increased annual profits, while **Carlton Communications** spurted 29 to 718p influenced by bullish emanations from one particular securities house. A report that recently-acquired J Walter Thompson had won the US Kentucky Fried Chicken home delivery account aroused support of parent **WPP**, up 15 at 465p.

Property shares made further good progress across a broad front reflecting recent bullish circulars on the property market. **Land Securities**, on a turnover of some 2½m shares, rose 10 more to 500p, while **MEPC** gained 9 to 478p. **Slough Estates** firmed 7 afresh to 270p and **Brixton** put on 9 to 260p. **Regentcrest** responded to the better–than–expected interim results and confident statement with a gain of 8 at 92p, after 95p.

A reassuring article in the Financial Times on the price of gold was cited as the prime reason for increased buying activity in **Lonrho**. Turnover improved noticeably to 4.4m shares, swelled by demand from gross funds anxious to obtain the dividend payment before the shares are quoted ex the amount on Monday. Lonrho shares settled 8 higher at 261p.

Traded option activity was down following the expiry of the February series. Contracts totalled 26,034 comprising 16,952 calls and 9,082 puts. ICI registered 2,071 calls, 1,000 in the July 1,200's, and 529 puts. The **FTSE** contract attracted 1,040 calss and 1,399 puts.

Traditional Options

- **First dealings Feb 15**
- **Last dealings Feb 26**
- **Last declarations May 19**
- **For Settlement May 31**

For rate indications see end of London Share Service

A fairly lively interest developed in the Traditional market. Stocks to attract money for the call included **Sheraton Securities, Plessey, Leslie Gold Mines, Grootvlei, Tay Homes, North Kalgurli, Astra Holdings, Bejam, Camford, Dee Corporation, Stormgard, Ferranti, Control Securities, Amstrad, Inoco, and Far East Resources.** Put options were arranged in **British Petroleum new** and **Camford** while a double was transacted in **Plessey**.

FINANCIAL TIMES STOCK INDICES

	Feb. 17	Feb. 16	Feb. 15	Feb. 12	Feb. 11	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	88.76	88.47	88.31	88.45	88.51	86.74	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.41	95.35	95.19	95.25	94.97	93.46	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1396.4	1386.9	1389.1	1385.0	1381.0	1555.0	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	268.9	261.7	261.9	255.9	252.7	293.0	497.5 (4/8/87)	241.7 (4/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.45	4.40	4.48	4.50	4.52	3.65				
Earnings Yld. %(full)	11.22	11.32	11.30	11.35	11.39	8.59				
P/E Ratio (net)(*)	10.89	10.79	10.81	10.76	10.73	14.26				
SEAQ Bargains (5pm)	21,871	20,740	21,129	20,092	21,593	63,092				
Equity Turnover (£m)	-	1007.54	765.87	956.41	868.59	1741.76				
Equity Bargains	-	23,998	24,426	22,965	24,441	75,230				
Shares Traded (ml)	-	308.1	289.3	321.5	342.7	687.7				

S.E ACTIVITY

Indices	Feb.16	Feb.15
Gilt Edged Bargains	111.4	115.8
Equity Bargains	155.5	158.3
Equity Value	2036.5	1548.0
5-Day average		
Gilt Edged Bargains	114.8	120.0
Equity Bargains	155.5	158.3
Equity Value	1830.2	1751.4

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1387.4	1389.9	1396.0	1396.3	1396.8	1396.8	1396.8	1397.9

Day's High 1398.1 Day's low 1387.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.80.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (4).
BRITISH FUNDS (1) Transport 3pc. 78/88. CANADIANS (1) Tam Pure Tech., BUILDINGS (1) Gibbs & Dandy, Newarthill, INDUSTRIALS (1) Mallcap.

NEW LOWS (12).
AMERICANS (1) Image Storage/R. Sys., CANADIANS (2) American Lightwave, Nevada Goldfields, STORES (1)Glamar, ELECTRICALS (1) Sigmax INDUSTRIALS (2) Pavion Ind., Pavion Intl. 11pc, LEISURE (1) Molinare Visions, OILS (1) Meridian Oil, THIRD MARKET (3)Lynx tech., Publishing Hldgs., UPL Group.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	480	Enterprise Oil	855	Prudential	893
Allied-Lyons	748	Fisons	962	Racal	1,500
Amstrad	4,600	General Accident	153	Rank Org.	1,800
Argyll Group	564	General Elect.	3,900	RMC	254
Assoc. Brit. Foods	138	Glaxo	1,000	RHM	2,400
BAA	1,300	Globe Investment	136	Reckitt & Colman	319
BAT	841	Granada	789	Redland	1,400
BET	1,400	Grand Met	1,700	Reed Intl.	484
BICC	1,000	GUS A	335	Reuters B	789
BOC	655	Guardian R.E.	92	RTZ	4,400
BPB Inds	777	GKN	1,900	Rolls-Royce	2,100
BTR	1,600	Guinness	1,700	Rothmans B	124
Barclays	471	Hammerson	628	Rowntree	910
Bass	77	Hanson	6,500	Ryl Bank Scotland	725
Beecham	2,200	Hawker Siddeley	375	Royal Insurance	534
Blue Arrow	3,200	Hillsdown Holdings	504	STC	993
Blue Circle	2,000	IMI	186	Saatchi & Saatchi	518
Boots	4,900	ICI	2,300	Sainsbury	371
Brit. Airways	2,600	Jaguar	569	Scott & Newcastle	484
Brit. Aerospace	277	Ladbroke	958	Sears	3,400
Brit. & Comm.	369	Land Securities	2,600	Sedgwick	276
British Gas	6,500	Laporte	550	Shell Transport	1,100
Britoil	108	Legal & General	1,500	Smith & Nephew	2,100
BP	4,000	Lloyds Bank	536	Standard Chart.	1,900
Brit. Telecom	9,000	LASMO	944	Storehouse	957
Bunzl	5,100	Lonrho	4,100	Sun Alliance	144
Burmah Oil	646	Lucas	695	T & N	566
Burton	628	MEPC	580	TSB	1,000
Cable & Wireless	4,200	Marks & Spencer	2,700	Tarmac	3,500
Cadbury Schweppes	1,100	Maxwell Comm.	556	Tesco	2,200
Coats Viyella	1,300	Metal Box	844	THORN EMI	268
Commercial Union	3,200	Midland Bank	1,600	Trafalgar House	174
Cons. Gold	850	NatWest Bank	2,300	Trusthouse Forte	1,600
Cookson	411	Next	800	Ultramar	4,600
Courtaulds	876	Northern Foods	389	Unilever	1,000
Dalgety	214	Pearson	322	United Biscuits	1,900
Dee Corporation	1,200	Pearl Group	155	Wellcome	332
Dixons Group	2,500	P & O	948	Whitbread A	104
English China Clays	408	Pilkington	2,200	Woolworth	1,800
		Plessey	16,000		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	94	16	5
Corporations, Dominion and Foreign Bonds	23	0	31
Industrials	497	268	798
Financial and Properties	177	82	382
Oils	29	22	61
Plantations	3	1	9
Mines	80	19	100
Others	69	52	140
Totals	972	460	1,526

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Feb 17 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Feb 16 Index No.	Mon Feb 15 Index No.	Fri Feb 12 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	738.20	+0.8	9.95	3.99	12.61	1.43	724.59	726.82	723.69	834.20
2	Building Materials (30)	962.56	+0.9	10.19	3.92	12.20	0.64	954.23	958.48	958.67	1026.80
3	Contracting, Construction (34)	1459.54	+0.5	9.31	3.41	14.27	0.87	1452.41	1459.62	1458.99	1419.94
4	Electricals (12)	2036.38	+0.7	9.25	4.78	13.95	0.34	2022.35	2024.33	2031.96	1986.88
5	Electronics (32)	1466.05	+0.3	11.17	3.62	11.68	7.84	1461.23	1473.70	1470.07	1841.84
6	Mechanical Engineering (57)	381.08	+1.0	9.95	4.40	12.67	0.56	377.40	377.60	376.00	476.86
8	Metals and Metal Forming (7)	430.10	+0.6	10.01	3.90	12.85	0.00	427.52	427.78	427.16	433.69
9	Motors (13)	278.97	+1.2	10.87	4.17	10.71	0.00	275.72	275.66	270.37	338.56
10	Other Industrial Materials (24)	1236.85	+1.1	8.42	4.20	14.10	2.78	1223.49	1221.55	1207.31	1428.38
21	CONSUMER GROUP (184)	1019.72	+0.8	8.72	3.60	14.61	1.52	1012.05	1012.84	1008.84	1141.83
22	Brewers and Distillers (21)	988.92	+0.9	11.21	3.98	11.27	0.02	980.34	977.13	978.95	1054.06
25	Food Manufacturing (23)	830.48	+0.5	9.23	3.88	13.99	1.22	826.42	827.31	825.10	863.28
26	Food Retailing (16)	1976.43	+0.2	8.14	3.24	16.53	7.09	1971.59	1992.32	1985.23	2118.12
27	Health and Household Products (10)	1780.38	+0.8	6.60	2.52	18.07	0.03	1767.10	1774.74	1773.62	2220.38
29	Leisure (31)	1188.59	+0.3	7.83	3.97	15.88	5.45	1184.51	1187.36	1184.02	1151.80
31	Packaging & Paper (16)	498.47	+0.3	8.57	3.68	15.34	0.46	496.99	496.66	493.63	597.24
32	Publishing & Printing (16)	3429.55	+0.2	6.63	4.30	18.94	4.11	3421.03	3411.98	3379.16	3683.48
34	Stores (34)	813.02	+1.7	9.38	3.78	14.29	1.39	799.41	795.28	791.32	960.17
35	Textiles (17)	556.32	+0.6	11.78	4.21	9.79	0.00	553.13	553.89	551.84	692.02
40	OTHER GROUPS (92)	872.37	+0.8	10.58	4.25	11.79	0.63	865.65	868.61	869.00	968.85
41	Agencies (19)	1085.67	+1.2	7.23	2.37	17.71	1.50	1072.32	1071.97	1071.26	1350.89
42	Chemicals (20)	1054.39	+2.3	9.64	4.44	12.73	3.22	1030.77	1032.95	1034.21	1260.50
43	Conglomerates (13)	1162.54	+0.8	10.30	4.56	11.30	0.00	1153.82	1159.32	1155.88	1267.00
45	Shipping and Transport (11)	1814.89	+0.8	9.21	4.52	14.23	0.00	1801.21	1818.52	1811.56	1901.43
47	Telephone Networks (2)	948.40	—	11.45	4.50	11.63	0.00	948.87	945.56	952.37	957.05
48	Miscellaneous (27)	1169.19	+0.3	12.89	4.05	9.24	0.16	1165.97	1164.90	1158.95	1344.87
49	INDUSTRIAL GROUP (485)	915.28	+0.8	9.55	3.88	13.20	1.28	908.32	910.22	907.66	1027.37
51	Oil & Gas (15)	1763.05	+0.5	9.43	5.63	13.08	0.00	1754.87	1760.71	1762.76	1601.92
59	500 SHARE INDEX (500)	987.15	+0.7	9.53	4.15	13.18	1.17	980.09	982.33	980.16	1075.27
61	FINANCIAL GROUP (122)	648.84	+0.5	–	4.88	–	0.77	645.54	646.59	641.84	694.81
62	Banks (8)	645.46	+0.1	20.51	6.08	6.44	1.43	644.71	647.38	643.41	765.82
65	Insurance (Life) (8)	967.95	+0.9	–	4.75	–	0.00	959.16	962.11	960.31	991.33
66	Insurance (Composite) (7)	495.39	−0.3	–	5.56	–	0.00	496.78	499.72	497.75	554.47
67	Insurance (Brokers) (7)	895.19	+0.6	13.53	7.20	9.43	0.00	889.57	914.24	894.96	1200.97
68	Merchant Banks (11)	337.36	—	–	4.23	–	0.00	337.47	337.53	337.14	377.91
69	Property (51)	1051.80	+1.5	5.15	2.94	24.83	0.83	1036.04	1028.18	1012.98	882.26
70	Other Financial (30)	380.16	+0.3	10.05	4.46	12.55	1.43	379.08	378.67	376.67	427.73
71	Investment Trusts (85)	854.19	+0.4	–	3.02	–	1.10	850.52	845.91	841.06	962.62
81	Mining Finance (2)	426.79	+5.2	10.65	4.00	10.57	0.00	405.82	410.10	407.83	369.47
91	Overseas Traders (8)	1031.67	+1.4	10.09	5.24	11.73	0.00	1017.67	1019.60	1017.94	863.47
99	ALL-SHARE INDEX (717)	897.27	+0.7	–	4.23	–	1.04	890.68	892.47	889.66	971.13

	Index No.	Day's Change	Day's High	Day's Low	Feb 16	Feb 15	Feb 12	Feb 11	Feb 10	Year ago
FT-SE 100 SHARE INDEX ♦	1748.1	+13.5	1750.5	1737.7	1734.6	1739.2	1734.0	1729.8	1718.5	1952.0

FIXED INTEREST

	PRICE INDICES	Wed Feb 17	Day's change %	Tue Feb 16	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.31	+0.13	122.15	–	1.67
2	5-15 years	138.82	+0.40	138.26	–	1.63
3	Over 15 years	148.19	+0.58	147.64	0.30	1.29
4	Irredeemables	163.82	+0.74	162.61	–	0.00
5	All stocks	135.89	+0.35	135.46	0.04	1.58
	Index-Linked					
6	5 years	124.10	+0.02	124.08	–	0.57
7	Over 5 years	116.03	+0.02	116.00	–	0.61
8	All stocks	116.53	+0.02	116.50	–	0.66
9	Debentures & Loans	117.63	–	117.63	–	[illegible]
10	Preference	86.74	–	86.74	–	0.42

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 17	Tue Feb 16	Year ago (approx.)
	British Government				
1	Low	5 years	9.02	9.06	8.88
2	Coupons	15 years	9.34	9.42	9.61
3		25 years	9.24	9.30	9.62
4	Medium	5 years	9.57	9.63	9.943
5	Coupons	15 years	9.55	9.62	9.85
6		25 years	9.40	9.48	9.74
7	High	5 years	9.68	9.73	9.975
8	Coupons	15 years	9.72	9.78	10.02
9		25 years	9.44	9.51	9.75
10	Irredeemables		9.33	9.39	9.54
	Index-Linked				
11	Inflation rate 5%	5 yrs.	2.45	2.45	3.15
12	Inflation rate 5%	Over 5 yrs.	3.88	3.88	3.47
13	Inflation rate 10%	5 yrs.	1.43	1.42	1.42
14	Inflation rate 10%	Over 5 yrs.	3.70	3.70	3.30
15	Debs & Loans	5 years	10.93	10.93	10.67
16		15 years	10.90	10.90	10.74
17		25 years	10.90	10.90	10.74
18	Preference		10.51	10.51	11.17

Opening index 1737.7; 10 am 1741.5; 11 am 1749.0; Noon 1750.0; 1 pm 1749.3; 2 pm 1749.4; 3 pm 1748.3; 3.30 pm 1748.5; 4 pm 1749.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
NAME CHANGE: Southend Stadium has been changed to Southend Property Holdings.

LONDON TRADED OPTIONS

Option		CALLS Apr.	CALLS Jul.	CALLS Oct.	PUTS Apr.	PUTS Jul.	PUTS Oct.
Allied Lyons (*342)	300	50	55	–	4	12	–
	330	27	35	45	12	22	25

Option		CALLS Feb	CALLS May	CALLS Aug	PUTS Feb	PUTS May	PUTS Aug
LASMO (*307)	280	28	48	55	½	18	33
	300	8	33	45	24	48	53

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

CANADA

TORONTO
Closing prices February 17

[illegible]

MONTREAL
Closing prices February 17

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 37

[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng
Rousle 47	110 367	23½	22¾	23	
RoyGld 45	7	3⅛	3⅛	3⅛	− ½
Roylprs 31	73	4⅝	4⅝	4⅝	− 1-16
RyanFs 25	3288	8⅛	7¾	7⅞	− ⅛
S S					
SCI Sys 16	1049	13	12⅞	12⅞	
SCORU 6	236	8¼	7½	7½	
SEIs 19	8	14⅝	14½	14½	
SHL Sys	352	18	17	17¾	+ ¾
SKFAB1.47e	5	40¼	40¼	40¼	
SPIPn .07	26	7	7	7	+ ⅛

[illegible]

Stock	Sales (Hnds)	High	Low	Last	Chng
UnCosF .55 8	68	18¾	18½	18¾	+ ¼
UHltCr	502	5	4¾	4¾	
UtdSvrs .72 4	244	14¾	14⅝	14⅝	− ⅛
USBcp .80 9	2480	25	24⅝	24¾	
US HltC .16 197	4176	8⅛	7⅝	7⅞	+ ⅛
USTrst 1.16 12	79	40	39¾	40	+ ¼
UStatn .28 17	281	18½	17¾	18½	+ ¾
UnTelev 43	45	27⅛	26½	26½	− ¼
UnvFrs .12 11	27	13¾	13½	13½	
UnvHlt .33e 219	561	4½	4¼	4⅜	
UnvMed.30e 10	361	4 15-16	4 13-16	4⅞	− 1-16
X Y Z					
XOMA	173	11¼	10¾	10¾	− ½
Xicor 24	851	7⅞	7⅝	7¾	− ⅛
Xidex	681	7⅛	6⅞	6⅞	
Xylogic 10	7	10	9⅞	10	
Xyvsn 32	280	4¾	4⅝	4½	− ⅛
YlowFs .62 18	1152	28¾	28½	28⅝	
ZionUt 1.44	110	25	24¼	25	+ ½
Zondvn	420	8⅝	8	8⅛	
Zycad	430	4⅜	4⅛	4¼	

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas 10% 2003	£104⅞	+	½
Adscene Group	103	+	7
Carlton Comms.	718	+	29
Enterprise Oil	293	+	8
Foseco Minsep	219	+	12
Hogg Robinson T & T	272	+	13
ICI	£10¾	+	9⁄16
Irish Distillers	305	+	10
Land Securities	500	+	10
Lawrence (W.)	137	+	10
Lucas Inds	610	+	11
MEPC	478	+	9
Manganese Bronze	215	+	16
Menzies (John)	384	+	18
Nat. Home Loans	140	+	8
Perry Group	215	+	25
Rank Org	640	+	15
Regentcrest	92	+	8
Smith (W.H.) A	298	+	13
Tarmac	230	+	9
Ultramar	276	+	12
WPP Group	465	+	15

FALLS

AAH Hldgs	278	−	7

TOKYO - Most Active Stocks
Wednesday, February 17 1988

	Stocks Traded	Closing Prices	Change on day
Unitika	32.59m	423	+26
Fuji Electric	20.84m	622	+2
Kawasaki Steel	14.18m	351	-3
Bridgestone	12.13m	1,350	+50
Nippon Steel	11.59m	396	-3
Toshiba	11.48m	753	-3
Mitsui Petrochem	10.66m	1,250	+70
Nippon Light Metal	10.58m	560	+11
Tokyo Gas	9.63m	980	+6
Mitsubishi Heavy Ind	9.44m	589	+6

Indices

NEW YORK DOW JONES

[illegible]

CANADA

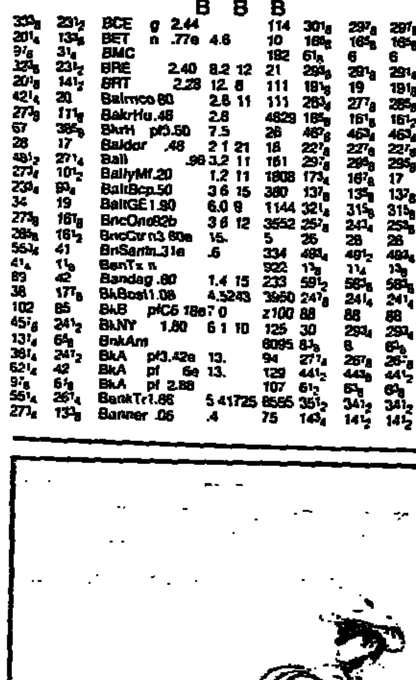
[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR	s	.36	1.8	18	331	20	19¾	20	+⅛
32½	21	AFG	s	.16	.6	11	429	25⅜	24¾	24⅞	−⅜
27	10½	AGS	s			13	85	15½	14⅞	15	−⅜
10½	5⅝	AMCA					6	5¾	5⅝	5⅝	
9⅜	3¼	AM	Intl			27	1499	3⅞	3¾	3¾	
65½	28¾	AMR				11	7891	37⅜	36⅜	36¾	+⅝
25	19	ANR	pf	2.12	9.1		2	23¼	23¼	23¼	+⅜
12¼	6⅝	ARX	s			8	59	7¾	7⅝	7⅝	−⅛
73½	39½	ASA		3	6.4		482	47½	47	47⅛	+½
22⅜	9½	AVX				12	225	14½	14¼	14⅜	−⅛
67	40	AbtLab		1	2.1	18	3310	48¾	48	48¼	−⅜
28	15⅝	Abitibi	g				39	19	18⅞	19	+⅛
16¾	8½	AcmeC		.40	3.5		85	11½	11¼	11½	
10½	6¾	AcmeE		.32b	3.8	23	14	8⅝	8½	8½	−⅛
20	14⅛	AdaEx		3.05e	19.		126	16⅜	16⅛	16¼	+¼
19½	6⅞	AdamMl		.24	2.0	10	102	12⅜	12¼	12¼	
24⅞	7½	AMD					4278	10⅞	10¼	10⅝	+⅛
36¾	29¼	AMD	pf	3	9.2		23	33	32⅝	32⅝	−⅜
11⅞	4⅝	Adobe				10	26	6⅛	5⅞	5⅞	−⅛
16	6⅛	Advest		.12a	1.6	7	48	7½	7¼	7⅜	+¼
68¼	43½	AetnLf		2.76	5.9	6	2525	47¾	46⅝	46¾	−⅜
83½	41	AfilPub		.40	.6	10	658	62¾	61¼	62½	+1¼
26⅞	13	AhmansB8			5.3	8	2090	16¾	16¼	16½	+⅛



Continued on Page 37

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12½	5⅝	OrngCo			17	8	7	6¾	7	+⅛
44	25	OranRk2.22		7.1	11	24	31¼	30⅞	31¼	+⅛
4	1⅞	Orient			3	6	2⅜	2¼	2¼	
29¾	11	OrionC	.76	4.9		21	15¾	15½	15½	−⅛
27¼	13¼	OrionCpCl.12		12.		72	18⅜	18	18	+⅛
19⅝	8½	OrionP			20	3756	18¼	17¾	18	+¼
12⅞	5¼	Orion pr	.60	4.2		27	12	12	12	+¼
38	18¼	OutbdM.72		2.8	9	480	26½	25¾	26	−⅜
26½	15	OvShip	.50	2.8	14	67	18½	18	18	−⅝
22⅛	11¾	OwenM	.36	2.6	10	168	14¼	13⅞	13⅞	−⅛
23⅞	8	OwenCn			3	916	17⅛	16⅝	16⅝	−⅛
16⅝	8⅛	OxfdF s	.24	1.5	11	24	16⅝	16⅛	16⅛	−⅛
19	9⅛	Oxford	.80	4.5	18	11	10⅝	10½	10½	−⅛

S S S

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13⅝	7½	SL Ind	.18b	2.0	10	3	8⅞	8⅞	8⅞	−⅛
47¼	20⅞	SPSTec	1	3.2	14	63	32¼	31⅝	31⅝	−⅝
28½	13	SSMC			17	107	25¾	25¼	25⅝	−¼
34⅜	16½	Saatchi.87e		4.0	10	169	21¾	21⅝	21⅝	−¼
19⅝	9⅝	Sabine	.04	3		x653	15⅝	15⅛	15¼	+⅛
14⅜	10	SabnR 1.50e		13.	7	42	11¾	11⅝	11¾	+⅛
19⅞	8	SfgdSc			5	130	14⅝	14⅜	14⅝	+⅛
39½	24	SafKl s	.30	1.0	27	886	29½	28½	29⅛	+¾
9	6⅜	SahCas.47e		5.4		87	8⅝	8⅛	8⅝	+½
28¼	17⅜	StJoLP s1.40		6.3	10	18	22⅜	22¼	22⅜	+¼
13¾	5¾	Salant			6	59	9½	9¼	9¼	−⅛
89½	61	SallieM	.54	.7	19	478	78½	77¾	77¾	
42⅞	16⅜	Salomn	.64	3.1	24	5062	20⅝	20⅛	20⅝	−⅛
37⅝	28¼	SDiaGs2.50		7.7	10	1368	32¾	32¼	32½	−⅛
9¾	7	SJuanB.36e		4.8	20	32	7½	7½	7½	
12⅞	8⅛	SJuanR				70	11⅛	10¾	11⅛	+⅝
38⅝	23½	SAnRR2.04		7.0		43	29⅞	28¾	29¼	+½

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44¼	23¼	Trinova.56		1.8	14	1451	32½	31	31¼	+1⅛
19⅝	6⅜	TritnG s			12	83	11⅝	11⅛	11⅛	−⅜
24¼	11⅞	TritEng.10b		.8	10	97	13¼	13	13	−⅛
29¼	18⅛	TrltE pf	2	9.6		8	20¾	20⅝	20¾	
63¼	49¼	TucsEP3.60		6.2	11	314	58⅛	57⅜	57⅞	+⅜
15¼	7	Tultex s	.36	3.9	9	832	9⅝	9¼	9¼	
25⅞	17¼	TwinDs	.70	2.7	14	144	26	25⅛	25⅞	+⅝
28⅝	15¾	TycoL s	.24	1.0	24	804	24	23⅛	23¾	+⅜
15¾	9¼	Tyler	.44	3.4	12	78	11⅝	11½	11⅝	+¼

U U U

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅛	11¾	UDC	2.20	12.	6	74	18⅝	18	18	−⅛
32	21¾	UGI	2.04	7.6	12	70	27⅜	26⅞	27	+⅛
13⅝	4½	UNCInc.01e		.1	11	57	7½	7¼	7¼	−⅛
31⅜	15⅝	UNUM	.40	1.9	11	449	21⅜	21	21⅜	+¼
48¾	28¼	USFG	2.48	7.7	7	1502	32⅝	32⅛	32⅛	−½
62	41¼	USFG pf4.10		8.3		23	49¼	49	49¼	−¼

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32¼	17⅞	Wick pfA2.50		12.		17	20⅛	19⅞	20⅛	+⅜
10¾	3¾	Wilfred	.12	2.7	73	1	4⅜	4⅜	4⅜	
26⅜	10	WillcG s	.15	.9	14	644	17⅝	17	17½	+½
37⅞	19¾	Willamt.40		5.7	10	595	24½	23⅞	24½	+⅝
8½	4⅝	WilshrO				12	4¾	4½	4½	−⅛
17¾	3¼	Winchel.86e		24.		123	4¾	4⅝	4⅝	−¼
7⅛	1½	Winjak.16e		7.5		17	2⅛	2⅛	2⅛	+⅛
82	37½	WinDxi1.86		4.5	15	154	42¾	41¼	41¼	−¾
15⅞	7	Winnbg .40		4.8	14	438	8½	8⅛	8¼	
4	1¼	Winner				54	2⅞	2¾	2⅞	+⅛
29¾	21	WisEn s1.44		5.8	10	912	24¾	24½	24⅝	+⅛
28	25¾	WisG pf2.55		9.5		7	26¾	26¾	26¾	−½
53⅛	42½	WiscPl3.24		7.0	11	31	46⅜	46¼	46¼	−⅛
28⅞	19⅞	WisPS s1.54		6.8	11	183	22¾	22½	22½	
47⅞	26⅝	Witco	1.28	3.7	13	325	35⅛	34½	34⅝	+¼
16½	9	WolvTc	.20	1.6	9	46	12¼	12¼	12¼	
14	7½	WolvrW			64	43	11	10⅞	10⅞	−⅛
59⅜	29½	Wlwth s1.32		3.1	12	3003	44	42¾	43¼	−¾
167½	86	Wolw pf2.20		1.8		2	122	122	122	+4½
9⅝	5	WrldCp				82	7⅛	7	7	
19½	10⅝	WrldVl				13	13⅛	12⅞	13⅛	+⅛
81¾	56	Wrigly 1.04a		1.5	21	74	73	71	71⅛	−1⅞
3⅛	1	Wurltzr				595	1⅛	1	1	
17½	7	WylaL s	.28	2.9	18	222	10	9½	9¾	+½
30⅝	14½	Wynns	.60	3.1	41	85	20⅛	19½	19½	−⅝
65	50	Xerox	3	5.3	11	2726	57¾	56⅞	56⅞	−⅛
58⅛	52½	Xerox pf5.45		10.		943	53⅞	53¾	53⅞	+⅛
31½	19⅝	XTRA	.64	2.2	15	1302	30½	29½	29¾	
28⅛	19½	XTRA pf1.94		7.3		164	26½	26	26½	+¾
33⅝	17½	YorkIn			10	77	27¾	27¼	27¾	+⅛
7⅛	2¼	Zapata				413	3⅛	3	3	
37	15⅞	Zayre	.40	2.2	7	3817	19	18⅝	18⅝	−¾
18⅝	8¾	Zemex	.40	3.9	13	10	10¼	10⅛	10¼	
33⅝	10	ZenithE				1567	15⅝	15½	15⅝	−⅛
13½	2½	ZenLab				364	2⅞	2¾	2¾	
25½	13½	ZenNt	.80	4.5	9	16	18⅛	17⅞	17⅞	−¼
20¾	11⅝	Zero	.36	2.3	18	305	15⅞	15⅝	15½	
30¾	15	Zurnln s	.88	3.1	15	182	22⅜	21¾	22	−⅜
10⅝	7⅜	Zweig 1.09e		11.		449	9⅝	9½	9⅝	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ContMtl		215	7	12⅞	12⅝	12⅞	
Cross	1	17	110	30⅜	29⅝	29⅝	−½
CrCPB			2	12⅞	12⅞	12⅞	
CwCptD2.25			11	22⅞	22⅞	22⅞	+¼
Cubic	.44	13	58	14⅞	13⅞	13⅞	−⅞
Custmd		18	64	1¼	1⅛	1¼	
D D							
Dl Ind			1	1½	1½	1½	−⅛
DWG		9	253	6⅞	6¾	6⅞	
Damson			2122	⅛	3-32	⅛	+1-32
DataPd	.16		32	8⅜	8¼	8⅜	+⅛
HollyCp		13	25	18¾	18⅛	18¾	+¾
HomeSh		16	2013	4¾	4½	4¾	+⅛
Honybe		9	76	8⅛	7¼	8⅛	+1
Hormels	.36	21	145	25⅜	24½	25⅜	+⅞
HmHar		8	1534	9⅛	8¾	8⅞	+⅛
HouOT		3	129	⅞	¾	¾	−⅛
HovnEs		10	314	11⅝	11⅛	11½	+¼
I I							
ICH		5	882	7½	7¼	7½	
ISS	.16	15	16	5¾	5⅝	5¾	+¼
ImpOilg1.80			562	47½	46½	47	+⅝
O P Q							
OdetB		26	10	6⅛	6	6	−⅜
OOklep .20e			28	10⅛	9⅞	9⅞	−⅜
PallCp	.40	20	631	26⅞	26	26½	+⅛
PerinIC	.80	12	8	26	25¾	26	+½
PtHeat1.26e			19	15⅝	15⅜	15⅜	−⅛
PhILDs	.06t	3	510	6¾	6⅝	6⅝	
PltDsm			105	18½	18¼	18½	
Plmway1.80		13	122	80¼	80	80	
PopeEv			19	11-16	11-16	11-16	
WangC	.11	24	13	14⅝	14¼	14⅝	−¼
WshPst1.56		13	151	198	192	196	−3
Wthfrd			68	1¾	1⅝	1¾	
Wellcos	.25	5	9	13	12⅞	13	−⅛
WellAm		5	44	1⅞	1⅝	1⅞	+⅛
WelGrd			33	4¾	4½	4¾	
WDigitl		7	1025	12¾	12¼	12⅝	
WhrEnt.10e		47	19	13½	13½	13½	
WichRv			337	1⅛	d ⅞	1	−⅜
Wdstrs	.28	31	1	9½	9½	9½	−⅛
Worthn			43	6⅝	6⅛	6¼	−½

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Div.	P/E	Sales (Hnds)	High	Low	Last	Chng
A&WBd		64	31	12¾	12¾	12¾	+¼
ADCs		15	1789	18¾	18¼	18¼	
ASK		18	860	11⅞	11½	11½	+⅛
AST		13	340	9⅛	9	9⅛	+⅛
Actmds		25	26	14½	13¾	14	+¼
Acuson		27	1024	19¾	19	19½	
Adapt		9	88	6⅛	5⅞	5⅞	+⅛
AdiaSv	.10	16	15	18¾	17½	17½	−1
AdobSs		30	629	26½	25¾	25¾	−¼
AdvTel		14	1475	16¾	16	16¼	+¾
CircIEx		8	38	6	5¾	5¾	−¼
CtzSoCp1.12		10	1359	25¾	25⅜	25⅝	+⅛
CtzFGs	.68	10	3656	19½	18	19¼	+1⅛
CtzU As		t 22	272	32	31½	32	+¼
CityFed	.04	20	476	5⅛	4⅞	4⅞	−¼
CtyNC	.84b	12	1491	24¾	24¼	24¾	
CityBcp1.12		8	23	42¼	41¾	41⅞	−⅜
Clarcor	1	13	536	30¼	29⅝	30	
Cloth		10	1156	6⅛	5¾	5⅞	+⅛
CoOpBk	.50	4	37	11¾	11½	11¾	
FLioAs	.07	42	1071	11½	11¼	11⅜	
FLioBs	.06	44	957	12¼	12	12	−⅛
ForAm	1.08	11	19	41	40¾	41	+¼
FortnF	.20	6	295	18¼	17¾	18¼	+¼
Forums	.06	31	2753	4 1-16	3 13-16	4	+⅛
FramSv	10e		60	12¾	12¾	12¾	
FreeFdl	.40	24	60	16	15¾	16	
Fremnt	.60	5	940	11⅞	11	11⅞	+¾
FulrHB	.42	12	111	33¼	32¾	32¾	−¼
LongF	1.80	9	77	51	50½	50½	−1
Lotuss		19	10131	29½	28½	29¼	+1
Lypho		17	7152	12	11¼	11⅝	+⅜
M M							
MARC		15	287	14½	13¾	14⅛	+⅛
MCI		36	13231	11⅛	10⅞	10⅞	−⅛
MDTCp		15	528	7⅝	7¼	7⅝	+⅜
MNC	1.56	8	263	40⅝	40¼	40½	
MNXs		9	118	8¼	8	8	−⅛
Orbit		12	185	5	4⅞	5	+⅛
Orgngn			697	16¾	15¾	16¼	
OshBAs	.28a	15	673	25¼	24¾	25	+¼
OshkTB	.40	6	1116	15½	13¼	15½	+2⅛
OttrTP	2.96	13	40	42½	41¾	42½	
P Q							
PACE			207	5⅝	5½	5½	
PCS		33	6	23¼	22½	23¼	+¾
Paccar	1.60a	10	412	65½	65	65	−1
PacFst	.50	3	571	12	11⅞	12¼	−¾
Pantera			297	5½	5	5¼	
Parisan		24	1977	26	27¾	26	+⅛
Patlex			221	12½	11¾	12½	+¼
Paulhrs		7	327	6	5¾	5¾	−¼
Paychxs		38	312	19¼	18¼	18¾	+⅝
PegGld	.10e	37	2713	13½	12¼	12⅞	+⅝
Penbcs	1	9	11	23	22½	22½	−½
Pentair	.73	12	522	27¾	26¾	26¾	−½
Peneas		10	5	19¼	18¾	18¾	
PeopHrt.47e		10	575	17⅝	17¼	17½	
PeoWst		9	73	21¼	21	21¼	
PerpSa		8	243	8¾	8⅝	8¾	+⅛
PetrIte	1.12	22	23	24½	24	24	

Continued on Page 35

AMERICA

Equities trading activity increases but rally fades

Wall Street

THE EQUITY market failed to build on its sharp, late rally on Tuesday, *writes Janet Bush in New York.*

The previous day's gain had boosted the index to close above the key 2,000 level for the first time since January 7, but the rise had come in the lowest volume since January 18, making it much less convincing.

The low volume on Tuesday was particularly disappointing since the market had just returned from a holiday weekend and there was a great deal of takeover activity and even more bid speculation.

There was considerably more activity yesterday but the Dow closed little changed from the day before's close, 4.97 points down at 2,000.99.

Trading was also quiet on the US Treasury bond market where price movements were limited. The Treasury's 30-year long bond first moved around 3/16 point higher and then eased back to be quoted 3/16 point lower in late trading yielding 8.48 per cent.

Bond prices were helped to modest gains in the morning session not only by a continuing technical reaction after its sharp falls since last Friday but also by figures released yesterday showing a surprising drop in housing starts in January.

However, the impact of these figures was balanced by data showing a 0.2 per cent rise in industrial production in January, much as expected, but a surprising upward revision on December to a rise of 0.4 per cent compared with 0.2 per cent previously reported.

The market was helped somewhat in the morning by a slightly easier Fed Funds rate which drifted at around 6¼ per cent for most of the session, still very high compared with last week but below the 7 per cent close on Tuesday.

One of the largest movers on the equity market was Federated Department Stores, whose stock has been highly volatile since Campeau Corp of Canada launched its bid for the company. Federated recovered from a loss of $4 at midsession to close $2⅛ lower at $61⅛ after it announced it had rejected a sweetened $66 per share bid from Campeau, worth a total of around $5.8bn. Federated said it had chosen instead a sweeping restructuring proposal which would include divestment of its non-department store businesses.

Firestone Tire & Rubber fell $3 to $42 as investors took profits after Tuesday's $9¼ rise. Its share price had surged after the company announced it was putting its tyre business into a joint venture with Bridgestone of Japan which will have the majority interest.

Bell Atlantic International, a subsidiary of Bell Atlantic Corp, fell $1⅜ to $70½. The company yesterday announced a joint venture with IBM's Spanish subsidiary to implement an integrated database and software system for the management of telephone networks in Spain. IBM fell $1 to $112¾.

One of the most lively sectors on Tuesday was publishing, mostly because of a press conference held by British publisher Mr Robert Maxwell to celebrate publication of his official biography in which he said he was planning a hostile acquisition of a publishing company in the US.

McGraw-Hill had been rumoured to be a target but a spokesman for Mr Maxwell swiftly moved to quash the speculation. McGraw-Hill dropped another $1¼ to $54⅝ having fallen $2¼ on Tuesday.

Caterpillar, the manufacturer of earth moving machinery and diesel engines, slipped $⅜ to $61¼ despite the company's forecast of increased profits in 1988 as the dollar is expected to remain weak.

A new investment fund which will specialise in investment in companies in Thailand was listed on the New York Stock Exchange yesterday. Based in Valley Forge, Pennsylvania, Thai Fund Inc is a closed-end management investment company which will run the fund with capital of $60m.

An initial public offering of 8.3m common shares was made yesterday at a price of $12 a share, 5.4m of which will be sold in the US.

This is the first US investment company organised to invest primarily in Thai securities. The prospectus accompanying the initial public offering warns that the heavy concentration of market capitalisation in only a few Thai companies limited the opportunities of the fund. Other uncertainties include the small size of the Thai securities market which could mean a lack of liquidity and substantial price volatility and the nature and extent of Thai government intervention. It was the ninth most active stock climbing $⅜ to $14⅜.

Canada

PROFIT-TAKING in base metals sent Toronto share prices lower in mixed trading as investors worried about the direction of the economy.

The composite index, which had gained about 13 points in earlier trading, dropped 6.17 to 3130.62 on moderate turnover of 23.1m shares.

Among mines, heavily-weighted Alcan Aluminium fell C$1¼ to C$34½, Cominco lost C$½ to C$15 and Falconbridge was unchanged at C$20¾.

SOUTH AFRICA

A BELIEF that gold stocks had been oversold in recent weeks and a firmer bullion price prompted renewed interest in Johannesburg yesterday, lifting the market's gold index 51, or 3.8 per cent, to 1,383.

Vaal Reefs surged R8 to R268, Western Deep climbed R3 to R109, Driefontein put on R1.25 to R35.75, Kloof added R1 to R32.50 and Freegold advanced R1 to R31.25.

Among lightweights, Leslie gained 5 cents to R3.55 and Zandpan put on 5 cents to R4.15.

Mining houses followed the gold boards higher. Anglo American added 95 cents to R47.25, Gold Fields rose R1.25 to R52.25 and Gencor gained 75 cents to R43.50.

Platinums were broadly higher. Impala surged 50 cents to R22.75 and Rustenburg rose R1 to R24.25, shrugging off Tuesday's announcement of the departure of its managing director to join rival mining house Gencor.

Among industrials, Barlow Rand was unchanged at R19.60, South African Breweries added 50 cents to R16.50 and Sasol rose 10 cents to R7.

Maggie Ford in Seoul looks at the hopes and fears behind a raging bull market

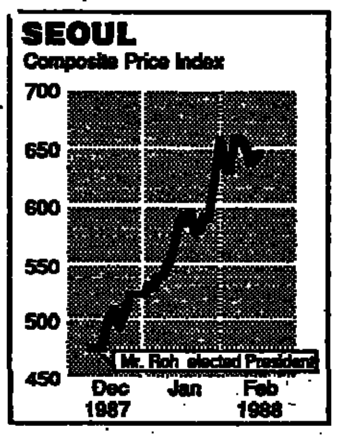
Korean factory girls catch share fever

SEOUL taxi drivers have a new topic of conversation to share with their passengers, whether they be well-off matrons, secretaries, or smallholders up from the country. Investment fever is sweeping South Korea on the back of a booming economy.

The stock market composite index has risen 39 per cent since the presidential election late last year with 10,000 new individual investors accounting for 90 per cent of buy orders last month. Securities houses, recently allowed to open branch offices in the provinces, reported queues of people waiting to get a slice of the action.

Long used to the "pocket-book brigade" of well-off housewives who have invested in the market by pooling funds with their friends, securities firms are now facing the "sweater girls" - youthful factory workers with an eye for the main chance. Farmers and fishermen have also joined in the buying spree.

The surge in interest has caused a potentially serious problem for the new South Korean Government of Mr Roh Tae Woo, who is due to take office as President next week. Elected on a platform of providing a fair deal for the ordinary citizen and sharing the benefits of the country's economic growth, Mr Roh and his advisers have been faced with rocketing speculative expectations based partly on his own campaign promises.



Election pledges to promote trade with China and Eastern Europe and to develop the south west of the country have translated into a boom in the shares of trading and construction companies. The Government has also been hit by the double shock of an inflationary rise in land and property prices.

By early this month the alarm bells began to ring as officials realised an overheated stock market full of inexperienced small investors was a recipe for political disaster. Although securities analysts believe South Korean retail investors are taking a more educated, long-term view than the "casino mentality" seen in the early days of the Hong Kong market, they think the Government is likely to be blamed if the new capitalists lose their money.

Accordingly, the Ministry of Finance has stepped in over the past few weeks with measures curbing institutional buying and urged securities firms to cancel investment lectures for new clients.

Investors, however, appear undeterred. After an intra-day high of 662 at one stage last month, the index closed yesterday at 658.75. The daily trend shows a marked rise in the morning, as new money comes into the market, followed by a fall in the afternoon as the institutions sell shares to stabilise the increase. "The feeling is, if the index is going to rise to 800 by the end of the year, let's do it now," said one British analyst.

Mr Roh: election pledges

The government announcement this week that shares in Posco, the highly profitable state-owned steel company, are to be sold to the public later this year has only increased feelings that the market will strengthen. The Government is to allot about 75 per cent of the shares to low income families, and will probably have to provide financing to enable the investors to buy. At the same time it is to pursue the programme of making large companies list on the stock exchange and pay off their bank debts, thus further enlarging the market.

Foreign investors waiting for an indication of when the South Korean market will open should not hold their breath, analysts believe. More convertible bonds for companies raising money on the Euromarket may be expected later this year, as may an extra tranche of the Korea Eurofund, through which foreigners can buy a stake.

But the idea of fully-fledged market opening is likely to remain sensitive.

EUROPE

Bid talk and profit-taking dominate trade

A RESURGENCE of interest in takeover possibilities lifted French and Belgian share prices, but elsewhere in Europe yesterday price movements were mixed as caution and profit-taking crept in after recent rises.

PARIS received a boost from continued takeover speculation and ended higher after a slow start when the opening CAC index shed 2.3 to 288.6.

Bid talk was behind the day's biggest gains, with drinks group Berger, a rumoured target, up FFr138 at FFr828 – its second consecutive rise of 20 per cent.

Edible oil group Lesieur rose FFr200, or 13.5 per cent, to FFr1,900 on reports that Gruppo Ferruzzi had offered to buy Saint Louis' 88 per cent stake in Lesieur.

BRUSSELS continued its upward trend, led by takeover target Société Générale de Belgique.

La Générale shares rose BFr140 to BFr5,000, 25 per cent above the BFr4,000 a share offer from Italian financier Carlo De Benedetti.

Elsewhere in holdings Sofina added BFr600 to BFr12,150 in heavy trading and Sidro rose BFr80 to BFr1,840. In banks, Générale de Banque increased by BFr240 to BFr5,740.

The Brussels stock index ended up 65.42 at 4,533.6.

FRANKFURT slipped as profit-taking set in after five days of rises. Losses were trimmed by general optimism generated by the steady dollar and Wall Street's gains.

The FAZ index ended the day down 0.91 at 442.45, while the midsession Commerzbank index eased 1.2 to 1,354.2.

Blue chips and other shares, which paced the recent rallies, saw the heaviest profit-taking. Deutsche Bank was down DM8 at DM420 and Daimler shed DM5.50 to DM664.50. Siemens gave back DM4 to DM382.

Sports goods manufacturer Puma, a recent winner on speculation of a link with a foreign partner, lost DM41 to DM319.

AMSTERDAM closed modestly higher for the fourth session, in spite of a late slump in activity. The ANP-CBS index rose 1.3 to 230.5.

International buying interest was strong, focusing on banks, insurers and internationals. Philips was actively traded and added 50 cents to Fl 28.20. The company reports annual results next week amid optimism that it will not cut its dividend.

Royal Dutch Petroleum added Fl 2.50 to Fl 216.40, Unilever gained Fl 1.20 to Fl 113.70 and Akzo rose Fl 1.10 to Fl 96.30.

ZURICH continued to rise as the steady dollar and Wall Street's overnight advance heartened local investors. The Crédit Suisse index rose 3.6 to 450.6 in busy trade. The all-share Swiss index rose 6.5 to 821.9, lifted by banks which have continued to rise despite a downward revision of profits. Their heavy weighting tipped the index to a 1988 high.

Industrials and engineers were broadly higher. Local interest in registered stocks took the industrials index to a 1988 high of 519.9, up 5.0.

But scattered profit-taking pulled insurers down. Swiss Re gave up SFr200 to SFr13,600 and Winterthur fell SFr75 to SFr5,425.

MILAN was pulled higher for the sixth consecutive session as Fiat and De Benedetti group stocks led the way. The MIB index added 21 in active trading to close at 957, with all sectors posting gains.

Fiat closed up L293, or 3.6 per cent, at L8,500. Mr De Benedetti's CIR added L152 to L4,102, with Olivetti rising L205 to L8,780. Insurer Generali put on L1,800 to L83,350.

Tyre maker Pirelli advanced L21 to L2,171 following its failure to acquire Firestone Tire & Rubber.

MADRID closed higher following a strong performance in bank stocks, with the general index gaining 1.64 to 250.67.

Banco de Bilbao rose 10 percentage points to 1,410 of nominal market value and Banco de Vizcaya added 15 to 1,390 of par. Both stocks resumed trading on Tuesday.

STOCKHOLM tipped lower as a good start was undermined by heavy profit-taking, leaving the Affaersvaerlden general index 5.4 lower at 777.5.

OSLO was boosted by news that the biggest trade confederation had agreed to limit 1988 wage demands to 5 per cent. The all-share index rose 2.17 to 261.07 in brisk trading.

DnC, Norway's biggest bank, received a mixed reaction to its radical restructuring plan, drawn up to deal with huge 1987 losses. The bank ended unchanged at NKr106.

London

INTERNATIONALS ICI, BP and Plessey attracted interest as the market awaited trading news.

ICI, with results due next week, rose sharply in good turnover while BP and Plessey edged down.

Shares generally staged a quiet advance in modest volume. The FT-SE 100 Index ended 13.5 up at 1,748.1.

ASIA

Nikkei at highest level since crash

Tokyo

THE OVERNIGHT advance on Wall Street fuelled buying enthusiasm in Tokyo yesterday and helped send share prices to their highest level since the crash on October 20, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average rose for its fifth straight trading day, ending 84.29 points higher at 24,429.95. The day's high was 24,438.46 and the low was 24,324.25. Volume increased to 733m shares from Tuesday's 696m and advances outnumbered declines by 465 to 453, with 137 issues unchanged.

The market had a firm start, helped by the Dow Jones Industrial Average passing 2,000 for the first time in six weeks.

Concern over high share prices set in gradually but towards the close dealers stepped up the buying again.

Investors focused on special interest and consumer stocks with potential for short-term capital gain.

Unitika topped the active list with 32.59m shares changing hands. It rose Y26 to Y423, after reports of its development of artificial skin from a natural substance found in crustaceans.

Bridgestone was also actively traded and ended Y50 higher at Y1,350 after rising to Y1,410. The tyre maker's popularity stemmed from its plan for a joint venture with the tyre production division of Firestone Tire and Rubber of the US.

Supermarket chains attracted further interest on the strength of the Government's import promotion policy and steady personal spending.

Uny surged Y200 before coming under selling pressure to end Y90 higher at Y2,330. Maruetsu finished Y30 higher at Y1,480.

Some chemical issues fared well on hopes that the recovery in the chemical products market would help improve their earnings positions. Mitsui Petrochemical added Y70 to Y1,250 and Mitsubishi Petrochemical Y50 to Y1,300.

Large capitals were generally lower. Kawasaki Steel and Nippon Steel shed Y3 each to Y351 and Y396. But NTT advanced Y50,000 to Y2.36m.

Bond prices moved narrowly, reflecting investor concern over possible rises in long and short-term US interest rates and high price levels.

The yield on the benchmark 5.0 per cent government bond, due in December 1997, ended unchanged at 4.395 per cent, having fallen to 4.38 per cent.

Wall Street's strong performance helped to push Osaka Securities Exchange prices higher for the fifth consecutive trading day. The 250-issue OSE stock average ended 81.43 points higher at 24,883.84, on an estimated volume of 107m shares, down 9.8m shares from the previous day.

Australia

A BATCH of strong company results brought foreign investors back to Sydney, sending resources shares sharply higher in a broad market advance.

The All Ordinaries index gained 18.8, or 1.5 per cent, to 1,233.7 in lively trade.

Gold stocks set a shining example for the market to follow. The gold index rose 50.8, or 3.4 per cent, to 1,533.0. Alan Bond's Gold Mines of Kalgoorlie surged 33 cents to A$2.80, Kidston rebounded 18 cents to A$3.80 and Poseidon gained 15 cents to A$2.25.

Among companies which reported buoyant profits for the fiscal first half ended December 31, Western Mining soared 14 cents to A$4.47 and Bougainville, which saw net profits double last year, surged 30 cents to A$3.30.

Banks were mostly unaffected by news of a drop in trading bank deposits. Westpac gained 2 cents to A$4.80.

Among industrials, TNT rose 3 cents to A$3.98 after a solid half year report.

Financier Robert Holmes à Court's Bell Group, which on Monday reported substantial losses, added 3 cents to A$1.45 and its Bell Resources unit firmed 2 cents to A$1.34.

Hong Kong and Singapore were closed for the Chinese New Year holiday.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 17 1988					TUESDAY FEBRUARY 16 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	97.14	+2.0	82.32	90.42	4.59	95.27	80.81	88.72	180.81	85.36	107.48
Austria (16)	86.87	+1.5	73.62	76.94	2.72	85.58	72.58	75.80	102.87	84.35	94.80
Belgium (48)	120.85	+1.7	102.41	106.69	4.47	118.88	100.83	105.10	134.89	94.63	107.58
Canada (127)	114.20	−0.1	96.78	104.65	3.12	114.26	96.91	104.91	141.78	98.15	120.92
Denmark (38)	116.09	+0.2	98.38	102.86	2.88	115.90	98.30	102.81	124.83	98.18	116.01
Finland (23)	115.14	−0.4	97.57	100.04	1.87	115.57	98.02	100.56	–	–	–
France (123)	83.27	+1.8	70.56	75.27	3.97	81.83	69.41	74.10	121.82	72.77	107.78
West Germany (94)	74.61	+0.2	63.23	66.16	2.80	74.50	63.19	66.15	104.93	67.78	87.87
Hong Kong (46)	88.72	+0.0	75.18	88.73	4.77	88.70	75.23	88.73	158.68	73.92	109.93
Ireland (14)	109.09	+1.0	92.44	98.41	4.61	107.97	91.58	97.59	160.22	93.50	120.01
Italy (94)	69.36	+2.6	58.78	65.06	2.95	67.62	57.36	63.48	112.11	62.99	96.01
Japan (457)	152.48	+0.6	129.22	125.59	0.55	151.56	128.55	124.74	161.28	100.00	114.77
Malaysia (36)	112.15	+0.1	95.04	111.76	3.34	112.08	95.06	111.82	193.64	93.76	130.78
Mexico (14)	152.82	+0.6	129.51	381.96	0.93	151.86	128.80	379.55	422.59	90.07	126.17
Netherland (37)	101.32	+1.1	85.86	88.58	5.08	100.26	85.04	87.74	131.41	87.70	104.05
New Zealand (24)	69.87	−0.8	59.21	55.41	5.93	70.39	59.71	56.02	138.99	66.87	85.62
Norway (24)	103.04	+1.0	87.32	90.00	3.44	101.97	86.49	89.44	185.01	95.51	112.61
Singapore (26)	102.40	+0.0	86.78	95.21	2.51	102.35	86.81	95.21	174.28	81.21	114.27
South Africa (61)	126.13	+2.3	106.88	78.78	5.30	123.23	104.52	76.97	198.09	100.00	109.21
Spain (43)	135.20	+0.8	114.57	117.79	3.49	134.10	113.74	117.23	168.81	100.00	119.04
Sweden (32)	110.16	−0.2	93.36	98.91	2.66	110.41	93.64	99.46	136.64	88.50	99.74
Switzerland (53)	80.41	+0.5	68.14	69.89	2.38	80.04	67.88	69.57	111.11	73.65	97.14
United Kingdom (328)	126.60	+0.9	107.28	107.28	4.38	125.51	106.45	106.45	162.87	99.65	121.24
USA (586)	105.73	−0.3	89.59	105.73	3.56	106.04	89.94	106.04	137.42	91.21	117.74
Europe (967)	101.17	+0.9	85.73	88.24	3.87	100.22	85.00	87.51	130.02	92.25	107.15
Pacific Basin (682)	147.85	+0.6	125.29	122.80	0.75	146.93	124.62	121.95	158.77	100.00	114.18
Euro–Pacific (1649)	129.20	+0.7	109.48	109.03	1.73	128.26	108.79	108.23	143.65	100.00	111.38
North America (713)	106.18	−0.3	89.98	105.68	3.53	106.47	90.31	105.99	137.55	91.68	117.90
Europe Ex. UK (639)	85.36	+1.0	72.34	76.26	3.41	84.50	71.67	75.59	111.97	78.89	94.13
Pacific Ex. Japan (225)	92.06	+1.0	78.02	86.72	4.60	91.19	77.34	85.95	164.03	82.92	106.44
World Ex. US (1851)	128.67	+0.7	109.04	108.68	1.81	127.76	108.36	107.91	143.38	100.00	111.72
World Ex. UK (2109)	119.12	+0.3	100.95	107.66	2.19	118.74	100.71	107.31	138.82	100.00	113.39
World Ex. So. Af. (2376)	119.73	+0.4	101.46	107.83	2.38	119.30	101.19	107.44	139.47	100.00	114.11
World Ex. Japan (1980)	104.10	+0.2	88.22	98.55	3.70	103.89	88.11	98.39	134.22	92.98	113.75
The World Index (2437)	119.77	+0.4	101.50	107.62	2.40	119.33	101.21	107.22	139.73	100.00	114.08

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Hong Kong, Malaysia & Singapore markets closed February 17.